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U.S. PARTICIPATION IN THE FOOD AND AGRICULTURE ORGANIZATION

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U.S. Participation in the Food and...

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BEFORE THE
SUBCOMMITTEE ON
INTERNATIONAL SECURITY, INTERNATIONAL
ORGANIZATIONS AND HUMAN RIGHTS
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED THIRD CONGRESS

FIRST SESSION

SEPTEMBER 23, 1993

Printed for the use of the Committee on Foreign Affairs



U.S. GOVERNMENT PRINTING OFFICE

76-427 CC

WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402

ISBN 0-16-043993-0

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U.S. PARTICIPATION IN THE FOOD AND AGRICULTURE ORGANIZATION

THURSDAY, SEPTEMBER 23, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL SECURITY,
INTERNATIONAL ORGANIZATIONS AND HUMAN RIGHTS,
Washington, DC,

The subcommittee met, pursuant to call, at 10 a.m., in room 2200, Rayburn House Office Building, Hon. Tom Lantos (chairman of the subcommittee) presiding.

Mr. LANTOS. The Subcommittee on International Security, International Organizations and Human Rights will please come to order.

Today we will talk about FAO. And at the outset, I would like to express my appreciation to my friend and colleague, Congressman Bereuter, whose initiative generated this hearing. Because he has been a long time student and follower of the Food and Agriculture Organization.

I would also like to express my appreciation to the outstanding job done by Beth Poisson of the Democratic staff and the Republican staff person, Mike Ennis, in preparation for this hearing.

In recent years, the U.N. and its specialized bodies have been held in less than high esteem by most Americans. Although with the end of the cold war, the U.N. is playing a somewhat more central role in international affairs, concern over lax management and the politicization of agendas is still a nagging problem throughout the system. One thinks immediately of UNESCO in this context, but the U.S. relationship with FAO has been also somewhat stormy and controversial.

Let me state at the outset that the value of FAO's work is not at question. The organization has a proven track record. Membership in FAO brings significant benefits to the U.S. agricultural community and to the individual consumer. What is at issue is the politicization of the FAO agenda that has often led to polarization among its members. And this clearly hampers the effectiveness of the organization.

I also have some serious questions about the funding of various agencies, not just FAO. And I will ask Secretary Bennet later on about the expected timing of administration proposals for changing funding ratios. Unless these are forthcoming soon, we will take the initiative in making recommendations along those lines.

FAO, a post-war, largely American creation that sought to blend American idealism and know-how, was formed to provide technical assistance in the fight against hunger.

However, as Third World membership grew, FAO gradually changed into a predominantly developmental assistance organization. Since FAO elections proceed on the basis of one state-one vote, small countries can out-vote and often have out-voted rich donor nations. Thus, at FAO, Belize has the same electoral power as the United States, Mongolia the same power as Japan, and Albania as much power as France.

Many of the Third World countries have formed a bloc, known as the Group of 77, which funds only a tiny portion of the FAO budget, but can and does authorize projects that are then largely paid for by the great Western donors. This has invited budgetary excesses, a problem compounded by the great influence which the current Director General exerts over the project selection process and the total lack of transparency and accountability of FAO operations.

One of the most controversial of FAO activities is the Technical Cooperation Program. Accusations of manipulation and favoritism have surrounded TCP since its inception in 1976. Its 1992-93 budget of \$77.4 million can be allocated at the discretion of the Director General, which is one of the greatest slush funds in human history. He does not have to render an accounting of expenditures, nor an evaluation to the FAO membership. I am appalled by this procedure.

Thus, although FAO has accomplished some praiseworthy work, it is also a case book, a case book study, in poor, unresponsive, and irresponsible management. In view of many of its major donors, FAO has done a rather lackluster job as an assistance organization. And most of us who represent major donors would like to see it devote more resources to its original mandate.

In an attempt to compel corrective measures, the United States began withholding a part of its assessed contributions beginning with fiscal year 1987. As a result, we technically owe \$86 million in back payments.

The current Director General, Edouard Saouma of Lebanon, will retire in November after 18 years in this position. The election to replace him is a hotly contested one with at least eight announced candidates. Although we as a country have not endorsed any of them, as I understand it, it is the view of both State and Agriculture that there are several well-qualified candidates. And we hope that one of them will be selected.

Some long time observers believe that a more constructive era has begun at FAO, making it possible for major donors and smaller nation states, if not to resolve, then at least to bridge, some of the differences that have formerly divided them.

Today we will address the future of U.S. participation in FAO, asking our distinguished witnesses what U.S. interests are served by membership in FAO, and the direction of our future cooperation with the new Director General, his staff, and our allies.

I am pleased to welcome our panel of senior administration officials, who will help us to shed light on the workings of this byzantine agency.

Before turning to our witnesses, I would like to call on my friend and distinguished colleague, Congressman Bereuter of Nebraska.

Mr. BEREUTER. Thank you very much, Mr. Chairman. And thank you quite sincerely for scheduling this session today. I know of your interest in the subject, but I am certain that it is true that I have emphasized the importance of looking at the Food and Agriculture Organization.

I think that the timing of the hearing today is very appropriate and highly important. As a long time member of the now defunct Select Committee on Hunger of the House, and representing a district that is one of the nation's leading agriculture districts, I have had a long interest in FAO. And, I appreciate the opportunity to focus a little bit on this member of the U.N. family.

At a time when so much of the world is racked with malnutrition and starvation, it is essential that the international community be able to respond in a rapid and effective manner. The Food and Agriculture Organization is the lead U.N. agency that provides the technical assistance in the international fight against hunger.

I think that over the years that the FAO has been instrumental in such things as plant pest eradication, and in combating animal diseases. Also, FAO has been a major international forum for agricultural policy, including last year's International Conference on Nutrition.

In addition, FAO is responsible for Codex Alimentarius. Codex is the body that sets international food standards. It is hard to over-emphasize the importance that Codex plays. It has a pivotal role in U.S. agricultural trade policy. FAO has indirectly, through the work on Codex, been a key ally in combating some of the more restrictive trade practices that the European Community, particularly the French, have put forth.

FAO has been essential in debunking the specious quality controls that Europeans have established to limit our access to this market, and tried to focus on science based standards and not some kind of, shall we say, pseudoscience.

But the United States and indeed most of the developed nations have had a stormy relationship with FAO. There were concerns and there are concerns about runaway budget growth, unresponsive and overly centralized bureaucracy, and a governing body that ignored the desires of the major donor countries.

The most serious charges have been directed at the current Director General, who has been reported to be dictatorial and mercurial.

The strained relationship has led, as you mentioned, Mr. Chairman, the United States to withhold a significant portion of our annual assessments, despite the fact that we recognize that FAO is capable of doing good and important work. And the Codex is one area that I have mentioned as being of predominant importance.

One major concern that I have raised before along with a great many other observers and critics around the world is the special fund that you also mentioned, Mr. Chairman, the Technical Cooperation Program. There are suggestions that it has been used as walking around money by the Director General.

Some have contended that the abuses have been far from trivial, and that he has in the past punished his opponents by withholding

technical assistance. It is charged that he has developed a cult personality where his supporters have received preferential treatment.

I can tell you that despite the GAO's narrowly focused examination of the issue, that those charges in my judgment are true. The GAO did not find rampant corruption, the key word is rampant corruption, in its look at how this particular fund is utilized. But this \$77 million special emergency fund where the Director General and the FAO Secretariat has extraordinary latitude in the dispersal of funds has been a source of abuse. The just released investigation by the GAO should begin the examination and not end the examination of the TCP.

I should make it clear that the dissatisfaction with the FAO leadership is not simply an American concern. Virtually every major donor country, the EC nations, Japan, Australia, and the rest have serious problems with the leadership and management of FAO. Unfortunately, they are usually rebuffed in their efforts to begin management reforms.

But the Director General is on the verge of stepping down, having promised to do it earlier, and a new one will be selected in November. I have been fortunate enough to meet several of the candidates to replace the Director General, I can testify that there are some very highly capable individuals.

So, given the importance of FAO to international health and nutrition, and given the troubles that we have had with the FAO in the past, I am very interested to hear how the administration is preparing for the upcoming elections, and what we are doing to support an acceptable candidate. May I say that I hope that it is a very activist but balanced role that the United States will play in this process.

I look forward to hearing from our distinguished witnesses today. Thank you, Mr. Chairman.

Mr. LANTOS. Thank you very much, Congressman Bereuter.

I understand that Secretary Moos has another commitment. So if it is all right with the rest of you gentleman, we will begin with him. He has had a most distinguished governmental and private career in the field of agriculture.

I will personally forgive him that he is a graduate of Washington State, having spent my best years at the University of Washington in Seattle, but having great respect for both institutions and their football teams.

Secretary Moos, we are happy to have you.

**STATEMENT OF HON. EUGENE MOOS, UNDER SECRETARY FOR
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS,
U.S. DEPARTMENT OF AGRICULTURE**

Mr. Moos. Thank you very much, Chairman Lantos, for those kind remarks. That kind of competition, I am sure, will continue on into history.

I appreciate the opportunity to speak first. I thank my colleagues here for allowing me to do this. We have a national performance award ceremony going on today in the Department of Agriculture. And since some of my agencies are receiving awards, I must get back there as soon as I can.

Accompanying me here today are David P. Winkelmann, who is the Acting Director of the International Organizations Division, Office of the International Cooperation and Development; as well as Neil Gallagher, International Relations Adviser of our International Organizations Division of OICD.

They are not under time pressure. They will be able to stay, if you will, and represent the Department of Agriculture, and answer any additional questions that you may have.

I have got a short version of my testimony today. I would hope that the full statement might be added to the record as well.

Mr. LANTOS. Without objection.

Mr. MOOS. Mr. Chairman, the Department of Agriculture appreciates this opportunity to testify on the status of U.S. relations with the Food and Agriculture Organization. In our judgment, those relations have improved in recent years, and much of the credit must go to our colleagues at the Department of State.

USDA has worked closely and well with State on the budgetary and program issues that were troubling U.S. relations with FAO. At the time same time, we feel that FAO itself is now taking greater account of U.S. interests and concerns.

I would offer the following examples of recent successes in U.S. relations with FAO. First, in 1991, the United States voted for the FAO budget for the first time in years, and certified that it was in full compliance with the Solomon-Kassebaum amendment. FAO submitted a restrained no-growth budget that better reflected U.S. program priorities.

The Department of State was sufficiently satisfied to make arrears payments to reduce the U.S. debt to FAO, although as the chairman mentioned, we still owe roughly \$86 million, the highest debt that we owe to any specialized U.N. agency.

Second, the Director General of FAO appointed an American, Howard Hjort, as his deputy. Shortly thereafter, Secretary General Boutros Ghali and the Director General jointly appointed another American, Catherine Bertini, to head the World Food Program, an increasingly important U.N. Agency that has done excellent work delivering food aid in Somalia, Sudan and the former Yugoslavia.

Third, FAO has undertaken several recent initiatives and acted successfully. First, we have been pleased with FAO projects to counter serious pest problems and animal diseases, such as outbreaks of the desert locust and a screw worm infestation in North Africa. Both of these successes involved use of funds from FAO's Technical Cooperation Program, the TCP program.

The International Conference on Nutrition was another positive development in our judgment. Among other measures, nations attending the ICN meeting agreed to intensify efforts to control trade in pesticides to reduce health risks, and to attempt to better harmonize food safety and nutrition labeling requirements internationally. Differing national requirements in those areas are likely to fuel future trade disputes.

As a follow up to the ICN, the United States will prepare a National Plan of Action on Nutrition affecting nearly \$50 billion in domestic and international food and nutrition programs.

FAO has also worked to preserve global plant and animal genetic resources, and to maintain tropical forests. It has promoted new

international agreements on fisheries and improved its global early warning system, which alerts us of impending food crises.

FAO helped the United States and the World Food Program target food aid last year to prevent a massive famine in Southern Africa that could have cost millions of lives. Unfortunately, there was little in the press on what a fine job the World Food Program and FAO did in coping with the worst drought in Southern Africa in a century.

Of course, FAO could do better. They could modernize their management approach and do a better job of holding down costs. The election of a new Director General this November gives all member nations a chance to make a fresh start. USDA is working closely with the State Department to review the candidates' qualifications and policy positions.

In that review, we are looking for the following. First, we are looking for strong management background and experience in the major fields of the organization, namely, agriculture, fisheries, and forestry. Second, we are looking for views that coincide with the United States on major international development and trade issues as well as the environment. Third, we are searching for a commitment to bring real change to FAO: helping member governments be more active in decisionmaking; reducing the bureaucracy; making more decisions in technical committees; and delegating authority more within the organization itself.

I would now like to turn quickly to the GAO report on FAO's technical cooperation program, the TCP. And first, let me say that, while we agree with a number of the findings of the GAO, and we also agree with the comments that we have heard from the chairman of this subcommittee and the ranking member, we still think that the FAO report could have been a little bit more balanced.

For instance, it omitted many of the TCP's positive contributions, and does not adequately reflect the input from USDA. The report in our judgment focused on process and program criteria, and mostly ignored output in the field.

Little credit is given to FAO, even where they have succeeded, such as keeping projects within the 2-year time limit, and within the budget limit, of funding under \$400,000.

We were puzzled by the criticism that GAO made of FAO for using equipment and consultants comparatively often from a few countries. The countries mentioned—the United States, the United Kingdom, and France—are leaders in agricultural technology and field work in developing countries. So we feel that it is logical to use their services. It has also been the U.S.'s policy to press the FAO to hire U.S. nationals, and to "Buy American." Why should we object if FAO buys American equipment and hires American consultants?

We are concerned that a negative report on the Technical Cooperation Program could be used by some to seek a cut in the funding for worthwhile FAO projects. Many FAO field projects help poorer nations make progress in overcoming world hunger, a goal that is of particular importance to Secretary Espy, to me, and to the Department of Agriculture.

USDA would not support any significant decrease in funding levels for TCP. And we are pleased that the GAO report did not rec-

commend that action. Also, it is not clear from the draft report that many TCP projects are directly useful to the United States, to their farmers, and consumers.

And some of the projects that I would like to mention are the following. First, to improve the safety and quality of fresh produce and fish products that we buy from the developing nations. Next, to eradicate animal diseases and pests that could cause hundreds of millions of dollars or even billions of dollars in losses to U.S. agriculture. And thirdly, to support public health initiatives, like those in Latin America in 1991 and 1992 that helped contain a cholera epidemic which affected the entire hemisphere.

It is time, in our judgment, to move away from micromanagement of U.N. agencies and to evaluate them on a cost benefit basis. We should ask ourselves: Does the U.S. investment in a program bring a reasonable return? Are we closer to achieving U.S. economic, humanitarian, or foreign policy goals as a result of this investment?

In the case of the Technical Cooperation Program, the answer to these questions is a clear "yes," despite some management problems.

With this said, the Department has for several years supported the following changes in the TCP program. First, a revision of criteria for funding, so that they are clearer and broad programming of most funds by subject area. Next, 20 to 25 percent of the funds should be set aside for emergencies, with allocation of funds by region and not by country so that the poorest regions receive more resources. And an end finally to the carryover of unallocated funds, and more systematic field reviews.

We have met with GAO staff, and are pleased to report to you that they are receptive to many of our suggestions on the draft report. USDA hopes that a final more balanced report will help us promote improvements in the Technical Cooperation Program.

In closing, I would emphasize that many FAO programs are quite directly useful to U.S. agriculture. The Codex Alimentarius, which Mr. Bereuter referred to, sets standards for international trade in agricultural products, and FAO activities to preserve global plant and animal genetic resources are some benefits that came first to mind.

Other FAO activities, such as technical assistance, may on the surface appear to benefit developing countries alone. But in our judgment, that is simply not the case. For a moment, let us set aside all humanitarian considerations and view such aid from a purely economic point of view.

FAO technical assistance is of long-term value to American farmers and the food industry in our judgment. Why? Simply put, poor nations make poor customers. More than 60 percent of our food exports from Iowa, Nebraska, and California are sold to developing nations. That amounts to more than \$25 billion a year.

It is in our interest to help the developing nations prosper. We are doing both what is morally right and economically sound in supporting FAO as it helps the developing world struggle to emerge from poverty.

Thank you very much, Mr. Chairman, for this opportunity to put forward the views of the Department of Agriculture.

[The prepared statement of Mr. Moos appears in the appendix.]
 Mr. LANTOS. Thank you very much, Secretary Moos.
 We will begin the questioning with Mr. Bereuter.

THE GAO REPORT ON FAO'S TECHNICAL COOPERATION PROGRAMME

Mr. BEREUTER. Thank you, Mr. Chairman.

Secretary Moos, thank you very much for your testimony.

I found the testimony to be very helpful. It appears that some of the recommendations that you have made are also recommendations that the GAO is recommending. Perhaps that it not accidental. I hope in fact there has been contact.

But you are quite critical of the GAO when they took a look at the TCP, and said it is very one sided. Perhaps you could enlarge a little bit why you think they have been unfair in their criticism of the TCP.

Mr. MOOS. Again, as I have mentioned in my comments, we felt that they should look at the total result of the work of that special program, and not be quite as strongly focused on the process and the program criteria, as they were in their report. We are looking for results as well as trying to improve the program, and make it more efficient and effective.

Mr. BEREUTER. If you do not have a fairly well established set of criteria, why is it not likely that we will continue to see abuse of the TCP as alleged to have existed under the current Director General?

Mr. MOOS. We are very optimistic that the management of FAO will improve considerably with the election of a new Director General. And we would expect that there would be some far reaching changes made in these particular areas.

Mr. BEREUTER. I hope that is the case, too. But I hate to depend upon a good choice when in fact we have seen how it could be abused by a person who is intent upon abusing it.

Why will more specific criteria be objectionable to you or less than satisfactory?

Mr. MOOS. Well, we are not objecting to that aspect of it. We certainly will work with the State Department in terms of trying to narrow the focus of the criteria. We have a deep and abiding interest to be of great assistance to the developing world, as well as to promote those kinds of activities overseas under FAO's jurisdiction that will benefit American farmers.

THE RESPECTIVE ROLES OF STATE AND USDA IN FORMING U.S. POLICY TOWARD FAO

Mr. BEREUTER. Secretary Moos, could you explain to me what your relationship is to the State Department, and what USDA's relationship is to the State Department, as far as determining American policy with respect to the FAO. How does this work out? How, for example, will you discuss the U.S. role in the election process? I do not want you to limit your concerns to that, but what is the formal or what are the informal relationships that exist between these two departments, and what other components have a significant involvement if any others?

Mr. MOOS. Well, I think first of all that there is a new spirit that the administration brings to this kind of an activity, and that keep-

ing open the avenues of communication between the different departments of government is one of the main emphases of this new administration, that the departments work better in terms of delivering more effective service and doing it more efficiently.

Mr. Bennet and I meet on occasion to discuss these issues. We are equally available to each other. And we want to work hand and glove, as we go forward here, to improve our investment in FAO, if you will, and to get a better result.

Mr. BEREUTER. Mr. Hjort has a position which is in the FAO secretariat. Who is the top American person for implementing American policy at the FAO, what is the title and who is that occupying that?

Mr. MOOS. Well, we would assume that Mr. Hjort in his role would be in that capacity.

Mr. BEREUTER. But he is the deputy to Mr. Saouma, is he not, at this stage?

Mr. MOOS. Yes.

Mr. BENNET. Let me make it clear that there is a distinction between the implementation of American policy and running the organization. Mr. Hjort is an American who works for FAO. It is very important, as I will say later, to keep that distinction in mind.

Our International Organizations Bureau is responsible for overseeing the FAO and for the implementation of U.S. policy. We have a mission in Rome, an ambassador in Rome, who maintains day-by-day contact with FAO and the food agencies there. In the execution of our role, we stay in close consultation with everybody else in the Federal Government, in this case particularly with the Department of Agriculture. We also consult with AID. We depend on these agencies for the technical expertise, and the familiarity with the subject matter that we do not have.

Mr. BEREUTER. So our Ambassador is the spokesperson for the U.S. Government at the conference, at the FAO?

Mr. BENNET. That is right. It may be the Ambassador who is there all of the time. In this particular case, I am going to the meeting that begins in October at which the budget and the election will occur.

Mr. BEREUTER. If I could, Mr. Chairman, just to engage Mr. Bennet slightly in a dialogue here with Mr. Moos, how is it that you understand the expertise, or interest, or points of view of USDA are to be solicited through the State Department?

Mr. BENNET. I am telling you what we actually do. Our bureau is responsible for our relationships with a whole bunch of international organizations. So if you are thinking about my answer to this question, also think about the ILO, or the WHO, or any others.

We put together the U.S. Government position vis-a-vis these institutions, and we try to manage its activity. These activities range all of the way from managing 700 conferences a year, some of which may be about agriculture, to establishing policy at the FAO.

Incidentally, in the mission in Rome, I believe, there are two USDA employees who are there to provide that kind of technical help. It actually seems to work fairly well.

Mr. BEREUTER. Well, I think to some extent that, like the World Bank, you live with criticism of the past procedures. I hope that

there is going to be a major turning of leaves after the November elections there.

I know, Secretary Moos, that you and others in USDA are not always too happy with the criticisms that I level at the FAO. And I know that Mr. Hjort finds it very uncomfortable to work when he has got critics speaking on the House floor about the FAO. But I think that is my responsibility because I think that the way FAO has been run has been a disgrace. That has nothing to say about American involvement in it.

I think America has been on the right side with plenty of company in trying to bring necessary reforms. If it is an uncomfortable position for Mr. Hjort to be in, that is one of his responsibilities as a dedicated American. We have ours to discharge up here.

Thank you, Mr. Moos.

Mr. MOOS. Thank you.

Mr. LANTOS. Congressman Martinez.

Mr. MARTINEZ. Thank you, Mr. Chairman.

Help me gain some kind of education on the situation. I am completely new to it.

FAO'S BUDGET AND MEMBERS' VOLUNTARY AND ASSESSED CONTRIBUTIONS

How many countries actually contribute financially to FAO?

Mr. BENNET. I think it is about 120.¹

Mr. MARTINEZ. And what is their total contribution?

Mr. BENNET. The total budget each year is in two pieces. There is \$325 million each year for assessed contributions. There is another \$300 million in voluntary contributions that countries make for specific programs.

Mr. MARTINEZ. The \$325 million is specific dues, you mean?

Mr. BENNET. Yes, that is specific. We pay a share of that.

Mr. MARTINEZ. And ours is \$79 million a year?

Mr. BENNET. It is 25 percent.

Mr. MARTINEZ. It is 25 percent of that.

So as one country we are giving 25 percent, and 75 percent is being contributed by 120 countries.

That 120 countries, do they give proportionately? I mean they do not all give the same. I would imagine that there different countries with different wealth and different financial capabilities.

Mr. BENNET. That is right.

Mr. MARTINEZ. What is the next largest contribution from what country?

Mr. BENNET. It is probably Japan. I will have to check both that and the 120 number, if you would permit me. Let me also say that the way that these assessments are set is according to a U.N.-wide formula. In other words, our contribution to the U.N. in New York is based on the same formula. There is a different one for peace-keeping.

Mr. MARTINEZ. The formula is based on what?

Mr. BENNET. As you suggested, a combination of national wealth and population, and some other factors.

¹In a written response, Mr. Bennet corrected himself, noting that 160 countries make financial contributions to the FAO.

Mr. MARTINEZ. So Japan is the next one, and how much does Japan contribute?

Mr. BENNET. I do not know that number, but I will get it for the record.²

Mr. MARTINEZ. What I would like to do is if you can, if you are going to go to that trouble, is give us the whole breakdown of what each country contributes.

Let me tell you why. Basically, there is a basic interest of mine at the bottom of that question. Like in most things, we usually are the bigger contributors to all of these programs. And yet, when we come to setting our policy, our policy is only one vote toward the policy that is actually developed in regard to what Mr. Bereuter had asked.

And I find that to me personally, when our taxpayers are footing the bill, offensive. That we do not have a larger say since we are the larger contributor in what that policy will be. Especially since usually those policies, as we said, are of the benevolent kind, of what we have always tried to be, benefactors to the rest of the world. Because of our wealth, and the gratitude for that wealth that we have.

But we always seem to be getting the short end of the stick when it comes to making a decision. On the sheet that I got from the committee on describing this program and all, there is a statement in there that to endorse one of the candidates is to almost cause problems for that candidate. That the other countries would vote against simply because they would like to thwart the United States.

Now that looks like to me biting the hand that feeds them. You know, that kind of an attitude. But it prevails. I know it does. And I am not going to try to debate that issue. But I think that somehow or another in the process that we set up for any of these organizations, that we ought to have an equivalent amount of say in regard to the money that we put in.

Mr. BENNET. As you know, in the international banks, in the World Bank for example, one's influence is proportionate to one's contributions.

THIRD WORLD COUNTRIES: GROWING MARKETS OR INCREASING COMPETITION FOR THE UNITED STATES

Mr. MARTINEZ. You said earlier, Mr. Moos, Secretary Moos, that the U.S. involvement, you asked a question in the form of the statement that you were making, the consideration of any involvement in anything is how does it benefit the United States. And you said that the answer to that question was yes.

Could you explain to me in what way?

Mr. MOOS. Well, if I understood your question properly, Mr. Martinez, we expect to be able to measure some direct benefits as well as to provide some assistance for international development. We are recognized as the wealthiest country in the world that we have a lot at stake in the development of these less developed areas around the world.

²In a written response Mr. Bennet noted that Japan, the second largest contributor state to the FAO, is assessed 13.26 percent of the total FAO assumed budget for 1992-93.

So we are prepared to work with these people to try to improve their lot, and to improve their food production particularly. We are particularly interested in trying to work with them in terms of trade expansion, trade development, and things of that nature.

Mr. MARTINEZ. We would then somehow benefit by them as they develop their nation and become productive, benefit by trade?

Mr. MOOS. Yes. As I mentioned, poor countries are poor markets. And of course, that is one of the things that we are most dedicated to in the Department of Agriculture—building U.S. markets. We look upon the future for American agriculture as in direct relation to our ability to expand our trade opportunities and our exports into the world market.

Mr. MARTINEZ. In some of these poorer countries, we would then hope to sell our products to the masses?

Mr. MOOS. Yes.

Mr. MARTINEZ. Those poor countries with that poor economy. I guess that would be reasonable if you believe, like many do, that NAFTA is going to create a sudden market for us among the masses of people. Because they are already buy x number of dollars.

And I have been in Mexico, and I have visited many times. And we have had a sister city relationship with a couple of cities in Mexico. And I can tell you that who buys from us are the very wealthy there. And there is a great division between the wealthy and the poor.

And our general products cannot be bought by the masses down there. Because we cannot build a television for \$25, or a car for \$400 that they can buy. And that is simply the truth. If the people cannot afford to buy, they do not buy. They do not become a market for us. We are going to market for the world.

So I do not really know that at this particular time in helping them to develop how long it is going to take for us helping them to develop before they become a real asset to us in trade.

So I would like to know in other way when you talk about benefits to us to be involved, what those benefits might be.

Mr. MOOS. As it relates to NAFTA and to Mexico, as far as agriculture is concerned, we have seen our agricultural exports to Mexico in food and food products more than double in the last 3 years with the change of leadership and the change of program in Mexico.

And we think that is partly due to the fact that the level of economy and the standard of living is changing in a country like Mexico. And as those changes come about, we find that there is an opportunity for U.S. food products to achieve a role there.

I can think of one classic case that has to do with my State of Washington. In Washington State in the Yakima Valley, we have a very active trade development organization. And this organization is devoted to expanding trade with Mexico.

As a consequence of the fact that that the Washington area has been having Mexican workers visiting for years, these now have developed second, third, and fourth generation families who have become citizens of the United States, and are in the process of developing small industries to meet some of the needs of Mexico.

And today, Mexico is the second largest market that we have for apples from the State of Washington. It is a leading market for pears from the State of Washington, and peaches as well.

It is an interesting fact to me that percentage-wise the fastest growing population in the State of Washington is the Latin American population. And right now, they are looking forward to converting Yakima Airport into an international airport, so that they can transport food stuffs and people back and forth to Mexico. So it seems to us that there is a real future here.

Mr. MARTINEZ. Well, I would agree with you that those things that they do not grow that they will buy from us. By the same token, the things that they grow, that they grow cheaper than we do and without the constraints that we have, and a good example of tomatoes. They flood our markets with tomatoes and ruin our tomato farmers. So there is pro and con to that story. And I do not want to get into that debate.

It is still a fact that in the major products that we would sell to the masses that they would need that we are not going to build those products here at our rate of salary and wage. They are going to move down there, and they are going to be built down there. And those are going to be shipped back into the United States to be sold here to our own market. Yet we are losing the jobs that are going to provide the people with the income that they need to buy those products.

I do not believe that when an economy, another economy, is so much poorer than ours, that it can really benefit us. So the trade agreement with Canada is fine, because their economy is very similar to ours. We could actually turn out to be their Japan. But not the other way around.

And I think that if we wanted to enter into some specific trade agreements with Mexico that would lead to an eventual free trade agreement over a staged period of time in which they are, because of that trade agreement, forced to comply with certain things, change their system of government at the grassroots level.

Because for all of the people that Salinas claims that he has discharged from the Federal Government, from his Federal Government, he has not discharged anybody. They have been transferred around the country. And I know people who live there, and work there, and do business there.

I know the buyer for the State of Jalisco and Italia, that many of the people that he claimed to have fired have been transferred into the State of Jalisco. So that is just baloney.

But more than that, at the grassroots level, what exists there, and the people somehow hear. When you say that there are charges of corruption in the Mexican Government, they say where, how do you know that for a fact. Well, you can take any group of people who have visited, not our people from our State Department, not our people from our Government offices, but the people who visit there as tourists, they can all tell you about the little corruption that took place during their visit there.

More recently, I had an individual in my office who went down to Baja California. He had heard about Tiajuana and all of that, and he was going to have a great old time. It ended costing him \$160 for a nonoffense. Do you know what the nonoffense was?

Smooching with his girlfriend on the beach. Smooching, not doing anything else, just smooching. And the Federal officer tells him that is a violation of their law, which is crazy.

Mr. BENNET. Sounds like a sin tax to me.

BENEFITS THAT THE UNITED STATES DERIVES FROM MEMBERSHIP IN FAO

Mr. MARTINEZ. That is what he says it was, a sin tax. You know, they are not that unsophisticated about these things anymore. But that is another question.

The thing is that I still go back to the original question. When you talk about poor, poor economies in some of these countries in the world where we are trying to benefit them in some way by alleviating hunger. And then we are trying to do something about a fair distribution of products. And when we have the kind of obstacle that we have in the person who is running the organization.

I think that we need to be very careful when we say what benefits we are going to derive on it. Certainly, I would have thought in the past years ago that the benefit would have been the benefit that we can exercise. But we do not seem to be able to exercise much influence anymore either.

We have done, and done, and done for people, and they take it for granted that we do it. But when it comes to saying hey, giving them a little advice, maybe you would do better if you did it this way, they say hey, do not stick your nose in our business. We have the right of state determination, you know. So do not stick your nose in our business. And they resent it.

And so really what I would still like to know—and if it is too lengthy a question now and if you need a little more time to think about it, you may take some time to respond to me in writing—on what are the benefits. I would like to see, and I am really keeping an open mind on this, I would like to see some real benefits that we derive from being involved in this way, especially when we cannot really have that great an influence over how the goods are distributed and who gets them.

In the report it talks about, in the GAO report it talks about preferential treatment, because of building a cult-like surrounding where people got preferential treatment, because of the support they gave. So I would like to know what they are.

Mr. MOOS. I will certainly see that you get a response.

Mr. MARTINEZ. All right. Thank you.

Thank you, Mr. Chairman.

Mr. LANTOS. Thank you very much.

I will forego questioning, Mr. Moos, because you have to leave to be at the Department. We want to express our appreciation for your very excellent testimony.

Mr. MOOS. Thank you very much.

Mr. LANTOS. Dr. Bennet, it is a pleasure to have you again before this subcommittee. You have a distinguished record in academia, in government, in politics, in the media. And we are delighted that you have taken on this assignment. Your prepared statement will be entered in the record in its entirety. You may proceed any way that you choose.

STATEMENT OF HON. DOUGLAS J. BENNET, ASSISTANT SECRETARY FOR INTERNATIONAL ORGANIZATIONS, DEPARTMENT OF STATE

Mr. BENNET. Thank you very much, Mr. Chairman. I am delighted to be here. And I look forward to working with the subcommittee as we build a new approach to this whole range of issues.

Mr. LANTOS. It is very mutual.

Mr. BENNET. I would like to say that I think there is an opportunity for a more constructive relationship now with the FAO. In my view, it goes beyond the question of the new Director General. That alone would not be enough. But I think that the times are such that there is a new openness to a much better and more successful resolution of the kinds of problems that Congressman Martinez was pointing to.

We are seeing that not only is the cold war behind us, but the North/South tensions have shifted a lot. And in some of the U.N. organizations, UNCTAD in particular, there is a new dialogue going on. It is a problem solving dialogue where northern and southern countries are working together.

I think that has happened because of the simple unsustainability of the old confrontation. It was not doing anything for anybody. It does not mean that a bright new day is dawning automatically. I think that it does mean that we have an enormous opportunity.

The fact that the United States has come through the cold war period as it has; the fact that democracy is celebrated in a much larger part of the world; the fact that everybody now recognizes that market economies are likely to do better than directed economies; all of these things create a climate in which there is an opportunity for a fresh start.

In addition, there is an opportunity at FAO for a fresh agenda coming out of the Rio Conference and the UNCED sustainable development kinds of things.

Now in that context, think of the assets that we have. I have spent 30 years in and out of the development business. I am not an agricultural person. But in 1963 to 1966, I was in India at a time when the United States—

Mr. LANTOS. That was with Chester Bowles?

Mr. BENNET. With Chester Bowles. And at that time, the United States was building agricultural universities in India that had direct relationships with the land grant college system in the United States.

A very large number of the agriculturalists and Third World countries were trained by us either directly or indirectly. A lot of the justification for support of the Green Revolution came directly out of that.

We still have that capacity. If anything, our technological edge is accelerating, because of the new technologies that can be brought to bear on agricultural outputs.

I will not continue on that subject, because I am not an expert. In my area of responsibility, which is to conduct our relationship with this organization, it seems to me that we can now move to a much more positive footing. I mean we have the opportunity to elect, we hope, a distinguished leader for the organization.

We have made it very clear that we expect all of the U.N. organizations to function according to standards of accountability and effectiveness similar to the kinds of things required in the GAO report. The issues that they raise are important issues.

I personally think that having a TCP kind of capacity in any organization in this fluid period in history is good. There is a need for flexible money that could readily be used. We would be much better off, and much less hassled politically in the U.S. Government, if we had a little flexibility. You know we do not, and you see it every day.

If you are going to have flexibility, then there is a clear requirement for accountability, a clear requirement for standards, a clear requirement for clear reporting which is one of the things that the GAO study says.

There has to be a little latitude for experimentation. That is why you have got the flexibility. You want to be able to respond to unforeseen crises. That is why the program is there. Programs like that clearly can get off the rails. They have to be pulled back. It is the responsibility of the United States and the other people who govern this institution to see to it that management does its job with respect to that particular program. The same could be said of the entire program.

I do not see that that is an offensive northern view. I do not see that it is U.S. imperialism. I think that we can work with our colleagues from the developing countries much, much more effectively and much more collegially now than we have in the past. And it is high time that we did.

Frankly, I think as a newcomer to this discussion that I cannot forbear to say that I think there has been some neglect. Sometimes in our frustration with the sort of a paralyzed dialogue that Congressman Martinez was pointing to, that we have not been as constructive as we might have been about the outcomes that we wanted.

Maybe the times have just changed enough so that we can now establish a more constructive relationship. At least that is our purpose.

[The prepared statement of Mr. Bennet appears in the appendix.]

REFORM OF THE U.N. ASSESSMENT FORMULA

Mr. LANTOS. Thank you very much.

Before turning to my colleagues, I have one general question, which I think is of some significance. This subcommittee, which has jurisdiction over the United Nations and all international organizations, is in the process of a top to bottom review of our relations with all of them. And at the core of many of these relations are these archaic, irrational, irrelevant funding arrangements that somehow persist.

Two days ago, the subcommittee held a hearing on the United Nations peacekeeping efforts with some very distinguished people. And one of the things that emerged from that hearing is that Saudi Arabia and Kuwait are paying a tiny fraction of 1 percent. I think in the case of Kuwait, it pays 0.05 percent of the peacekeeping costs of the United Nations when in fact the United Nations peace-

keeping operation, which was basically handled by us, saved the very existence of the country.

Since you have responsibility beyond FAO, you have responsibility for the whole international organization field, may I ask you at what stage are the administration's thinking, planning, and actions with respect to coming up here with a completely revised set of recommendations and suggestions?

Because I can assure you, Mr. Secretary, that there is tremendous impatience on the Hill with the question of U.S. funding of international organizations by people who are as supportive as members of this panel and by people much less supportive than members of this panel. And if you could address that issue, I would be most grateful.

Mr. BENNET. Let me try to address it in three parts. First, I recognize the impatience. What I say about the FAO I think applies across the board. There is an opportunity now to deal with the sources of the impatience, and to take advantage of the burden-sharing that collective institutions provide.

Secondly, I think that the shares question needs to be divided into two pieces. In the basic budget that we discussed previously, the United States pays 25 percent. That 25 percent is a cap. We would actually pay more. We would pay 27 percent, if the formula were applied to our wealth and population factors.

There is a question about whether those factors, which come from an old formula, are still appropriate. We can look into that.

Mr. LANTOS. One of the issues that I as a professional economist would like to see addressed is the revision of the formula. The formula was established a long time ago, and economic relationships have changed dramatically. And I do not think that the formula is valid anymore.

Mr. BENNET. Although the concept may not be valid, the base budget formula does adjust as income changes. It does not adjust quickly enough, because there is a 10-year lag period. Although that subject is a very important one, let's put it aside.

The one about which we are most concerned now is the peacekeeping share, in which the United States pays 30 or 31 percent, depending upon how you count. That is based, as your question suggests, on a 20-year-old ad hoc agreement with respect to the Middle East peacekeeping operation. It has been applied diligently ever since, because no one could think of a way to stop the train.

I am convinced that as a matter of principle, whatever the base figure is, if we are paying 25 percent, that it is good for the U.N. and good for the United States to pay 25 percent of peacekeeping. Therefore, we would like to change the formula.

That formula is country by country, and it does not flex the way that the other one does. So you have the anomalies that you cited, countries that have come along very well in the last 20 years, and who could shoulder a larger share of the burden.

So as a matter of administration policy, we are trying to find a way to decrease the formula down to 25 percent. I have talked to the Secretary General about it, making it very clear that that is our objective.

In the International Organizations Bureau, we think we have worked out a politically viable way to approach the issue. There are

two issues to address. One is that Japan and Germany do come on to the Security Council, which may take some time, I might note. That would shift the burden. I mean our burden would drop some, just because of that single fact.

Secondly, if you took, as your question suggests, the countries that are in the middle range and move the ones that have done well into the upper range, these two factors together would just about resolve the issue.

The question before us, now, is how to approach these issues so that we actually get the situation resolved. Part of that is being sure that our peacekeeping arrears have been paid. At this point, we have substantial arrearages, because the peacekeeping cost has risen faster than anybody predicted. We are not alone in that situation. As you are aware, this is a big problem at the U.N.

When we have paid up, we should be in a better position to work on a reduction of our percentage. This is just a thumbnail sketch, and we will look forward to working with the committee on this issue.

Mr. LANTOS. Well, it is not an entirely satisfactory answer, if I may say so. Because particularly with respect to peacekeeping, we are the back bone of the peacekeeping operation. Without us, the peacekeeping operation either does not get off the ground as in Yugoslavia, or without our residual presence that it would collapse as in Somalia.

And I personally resent on the one hand being the back bone of the operation, and being criticized for not having paid some past assessments which are predicated on a patently unfair formula.

So I think that we have a very serious problem of dealing both with the substance of funding allocation and with the ritualistic incantation of our being deadbeats. There is growing resentment at that in this body, Mr. Secretary. Because to carry the critical share of the load of being the pivotal logistics and combat component of many peacekeeping operations, while being criticized for being late on some payments based on a formula which is so palpably absurd, does not wash here.

And I would merely like to suggest, and I look forward to meeting with you privately on this matter, it is imperative that the Department understand the urgency and the irritation that is present on the part of many of us with respect to this issue.

I would also say that as far as some of us are concerned, the issue goes beyond the matter of payment shares. It very much relates to a meaningful Inspector General function, which has not been met by the recent appointments. And Boutros Boutros-Ghali is living in a dream world if he feels that the Congress will continue to fund the U.N. and its other specialized agencies with the degree of laxness that is now present in them.

It also relates to lifestyles of the rich and famous within the U.N. structure. It just is out of step with the tune or the times. And they have not yet sensed this.

As you well know, I think that it was the WHO Director General was arrested at the Moscow Airport for smuggling five icons out of Russia. The icons were confiscated. And because of his diplomatic status, he was allowed to go.

It would be difficult to see members of Congress smuggling icons out of Russia without appropriate action being taken by somebody.

There is a general feeling of a very cushy somewhat questionable, arrogant, self-serving group of people running some very important international agencies at a time when the United Nations could, in fact, stage a historic renaissance.

You are not going to stage a renaissance with people like the Lebanese head of FAO, who has, as my friend said, walking around money of some \$70 million that he passes out for votes.

It is not served by the head of the WHO smuggling icons out of Russia. It is not served by the scandal that we have had for years at UNESCO, which led to our removing ourselves from UNESCO.

And I look forward to sitting down with you, and trying to cooperate in developing a joint congressional-administration top-to-bottom review. But just as some of us who are engaged in the HUD scandal blew it wide open, we are ready to blow the U.N. scandal wide open.

And there is unfortunately more than enough substance to go on, more than enough improper administration and questionable procedures, for which you clearly are not responsible having just come into this position. I want to make that very clear. But you are responsible, along with us, for cleaning up this mess. There is a mess, and it needs to be cleaned up.

And Boutros Boutros-Ghali's repeated arrogant statements are not helping the mood in this body, Mr. Secretary. He is viewing himself as a divinely ordained leader of an international organization. And divine ordination for leaders has ceased some centuries ago.

Congressman Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

Mr. Secretary, I think that this is the first time that you have been before us, or at least that I have seen you. I want to congratulate you on your position. It sounds like to me that you have a very challenging position as the chairman outlined some of your new responsibilities. But I, having had prior contact with you, have absolute confidence in your ability to make an important change for the better in our Government.

Mr. LANTOS. So do I.

NEED FOR STATE TO IMPROVE PERSONNEL ASSIGNMENTS TO MULTILATERAL ORGANIZATIONS

Mr. BEREUTER. Given the contempt that your predecessor had of Congress as an institution, which he visibly displayed on frequent occasions, you are a breath of fresh air. And I look forward to a very positive working relationship with you.

I hope perhaps that among the things that you will be able to assist us with in addition to the charge that the chairman gave, which I think is a very apt description of the view here on Capitol Hill and among the American public that we will have to rectify by change, I hope perhaps as a person who has not been a part of the State Department for a long period of time, that you will try to have some impact upon the State Department to place more emphasis on the importance of its officers serving in multilateral institutions.

I think that clearly that we need to have greater continuity in service among some of the multilateral institutions. We need to have our very best people from the Foreign Service and people coming in as political appointees working in our involvement in these international organizations. It should not be a back water. And I do not know if it has been, but it has not, I think, received the importance that it obviously now should. I think that you are the person to give it that leadership and to cause reform from within.

HOW TO ENSURE THAT FAO WILL NOT CONTINUE TO ABUSE ITS FLEXIBILITY

I would like to ask you a couple of questions specifically about the FAO though. I did hear your comments about the need for flexibility, and that is certainly consistent with the administration's repetition of an old song from the executive branch. And that is more flexibility and less earmarking, please.

With respect to the TCP, flexibility but with accountability standards and reporting requirements, which I think are certainly logical elements to put in place.

With that kind of latitude, what is to keep us from having a recurrence of the misuse of the TCP by the new administration at the FAO?

Mr. BENNET. There is nothing to guarantee that you will not have a recurrence. Obviously, the best guarantee that you want is an incentive structure that makes it highly undesirable for management to misuse it. There may be, as there always would be in a situation like that, disputes over the appropriateness of use or the policy choice that was made.

But as long as it is done according to the criteria and evaluated appropriately, it seems to me that those are things that as members of the governing body that the United States must insist on. And that is probably the best that you can do with it.

There is probably no guarantee. I do think that we can go a lot farther than we have in the past, in using the GAO in part to create a climate and an incentive structure in which it will not be misused.

Mr. BEREUTER. One of the recommendations is to strengthen the governing body oversight of the TCP, particularly the Secretariat's implementations of the actions. I assume that everyone can agree with that. Now it is a matter of how do you do that.

Mr. BENNET. Let me give you a very specific case. As you know, I am new at this. I understand that the reports on the TCP expenditures come 18 months or 2 years after they are done. That is much too late for the governing board to review them. And there is obviously a remedy for that.

EARMARKING ON A REGIONAL INSTEAD OF A COUNTRY-BY-COUNTRY BASIS

Mr. BEREUTER. Mr. Secretary, I was thinking before about Secretary Moos' comments. I believe that he brought up the subject of perhaps setting up some general guidelines about how much money should be provided, whether it is TCP or the other efforts, on a regional basis.

The Congress, I think, has engaged in some earmarking in the past because they thought that the executive branch in any administration was not focusing in the right ways. Clearly, the Congress has done things from a very questionable parochial point of view or ethical political points of view in the past, too.

But I recall that it was through the efforts of such things as the Select Committee on Hunger that we got the AID programs and the multilateral development bank programs more focused on child survival, poverty alleviation, and basic education, instead of spending much of the education budget as they were on helping graduate students from foreign countries pay their bills here.

I do not think that FAO has a problem that I am aware of in neglecting Africa. But a number of our institutions have neglected, it seems to me, sub-Saharan Africa.

What do you think of the idea of abandoning our predilection to some extent for earmarking of funds, but within a regional kind of fund, such as we did recently in the AID legislation, and therefore focusing our Ambassador to FAO to assure that this part of the world at least is not neglected. We are going to give you some criteria that we hope you can use your influence to implement or to ensure that this element of Latin America is not neglected, and that this part of Africa is not neglected.

Is it possible that we could move away from country by country earmarking in our bilateral programs and in our focus on multilateral by doing it on a regional basis?

Mr. BENNET. I think so. Brian Atwood, the new head of AID, is apparently redesigning the strategy. It is my understanding that the new strategy focuses both regionally and by subject area. This is a thing that ebbs and flows over time.

I am very skeptical about country by country allocations. Because I do not think that for an organization of this size that it makes much sense. I think that it probably creates some wrong incentives. Whether the same objection extends to the regional level, I do not know.

Going back to the question that you raise. If you are looking at regions that need help, Africa is in urgent need of a concentrated boost from the international community. Having had my India experience, I know that you can change even a very dire situation into one that is much less dire, provided that there is a concentrated honest effort to do it. I would certainly support a regional focus for that purpose.

Mr. BEREUTER. How can we improve our standing with African nations? Do the Pan-African kind of organizations, the Organization for African Unity and some of the other organizations, provide an opportunity for us to improve our relationship in any fashion?

Mr. BENNET. I am not an expert on Africa, and I have lost the expertise I had when I was head of AID. So I probably ought not to try to comment. I think that I would make it much too general, but I do think that the climate has just changed. That is what provides the opportunity. It is not remunerative politics in the South anymore to beat up on the United States.

Mr. BEREUTER. I thank you for engaging in this dialogue here today, and for your testimony.

Mr. BENNET. Thank you for your very generous comments. Let me just say again that I look forward to working with both the chairman and you. And I think that the best service that I can provide is to come here, not so much as an advocate for these institutions, but as someone trying very hard to make them work, and to try to make our participation in them effective. We are going to participate. So it might as well be as constructive as we can make it.

Mr. BEREUTER. Thank you.

THE U.S. POSITION ON REJOINING UNESCO

Mr. LANTOS. Before I let go of you, where does the administration stand at the moment on UNESCO?

Mr. BENNET. We have made a recommendation to the National Security Council. There was an interagency working group that I chaired. The recommendation we made is to reenter UNESCO in October of 1995, and it has not yet been acted on.

Mr. LANTOS. Thank you.

Mr. Johnson, we are very pleased to have you. We appreciate your release of the report coinciding with this hearing. Your prepared statement will be in the record. And you may proceed in any way that you choose.

STATEMENT OF HAROLD J. JOHNSON, DIRECTOR FOR INTERNATIONAL AFFAIRS ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GENERAL ACCOUNTING OFFICE

Mr. JOHNSON. Thank you very much. I do have a somewhat shortened statement from what was presented. But I think that in the interests of time that I would like to make just a couple of points.

Mr. LANTOS. Please.

Mr. JOHNSON. First of all, our examination was of the Technical Cooperation Program. We did not look at the other programs that FAO conducts. The report that you referred to is a draft report. We are working on a finalization of that report now, and hope to have it issued by sometime in November.

I wanted to give a little bit of an outline of what we did and where we went. We selected a sample of 85 TCP projects to examine that covered the years 1989 through 1991 that were completed by May of 1992. So that was the frame of reference for our examination.

Also, we did work in eight countries. And in those eight countries, we examined 123 projects. The budget for TCP is for the 1992-1993 biennium. As you mentioned earlier, it is about \$77 million, which is about 12 percent of the regular budget.

That percentage of the regular budget has held fairly constant over the life of TCP. Although the regular budget has grown substantially up through about mid-1980, it has leveled out since then in real terms.

A particular point that I would like to make is that unlike the rest of FAO's regular budget, TCP is not programmed in advance. In other words, there is great flexibility in how that money can be used.

Certain criteria have been developed. But we have had some concerns, which you have noted in our testimony and in our draft report, about the specificity of that criteria.

I would like to say that the government officials that we talked to during our field work mostly found the projects useful. Officials told us that they had used at least some of the results for about 70 percent of the projects.

One of the purposes, of course, of TCP projects is to have a catalytic effect. In other words, to generate some additional funds, or have some impact that extends beyond TCP. We found that in 40 percent of the projects that we looked at in the field there was some additional financing that was generated by the project, either from an external sources such as the World Bank or IDB, or from the national budgets.

We did find with certain minor exceptions that at least some of the criteria that have been outlined for TCP projects had been met. That is, the budgets were almost always under \$400,000. They averaged about \$100,000. So they are not terribly large projects.

We did have some concern about not including all costs in the budget. But in analyzing that, we found that even if those costs would have been included in the budgets, almost all would still have been within the \$400,000 guideline.

THE CARRYING-OVER OF UNOBLIGATED TCP FUNDS

Mr. LANTOS. If I may interrupt you. I realize that the amounts are not huge for a project. This means that you cannot have huge abuses in terms of dollar figures.

Mr. JOHNSON. Right.

Mr. LANTOS. But I find it remarkable that there is apparently a systematic pattern of having a new project, finding that there are unallocated funds from a previous project, and using those leftover funds to fund a new project. If the U.S. Department of Defense or any of our Government agencies would do that, you know, people would go through the roof here.

Mr. JOHNSON. Yes.

Mr. LANTOS. This means that you have allocated funds for Project A. You ask for a couple of hundred thousand dollars. You spent \$50,000. So you have a slush fund of \$150,000. You come in with a new project and ask for \$100,000, and you get it. But in the end, it takes \$250,000. So you just take it out of the balance that was left over. And boom, you have it funded.

Mr. JOHNSON. Yes, indeed.

Mr. BEREUTER. Mr. Chairman, may I make a point, too?

Mr. LANTOS. Yes, of course.

Mr. BEREUTER. Mr. Johnson, I will let you get back to your comments here in a second, but I do not find it surprising that you found that most of the projects were helpful. I think that the need for technical assistance is very widespread.

Mr. JOHNSON. Yes, indeed.

Mr. BEREUTER. And practically every project is likely to have some beneficial impact. Where the abuse comes in is that selection was made among so many worthy projects that they could not possibly fund for those that were politically advantageous. That, I think, somehow needs to come out. It may not come out from you,

because you do not have the evidence of that, but it ought to be mentioned here at least by me.

Mr. LANTOS. I think that my colleague is absolutely correct. In our investigation of the HUD scandal, the defense of Housing and Urban Development typically was, "well, we built a low income housing project, and people are living in it, and is that not useful?"

But when you look at the priority list, you found that it may have been the least worthy project to be considered. Projects with far greater value were not funded, and that is precisely our concern.

Mr. JOHNSON. And that is our concern as well with the kind of flexibility that is allowed in the criteria that has been established. Some of it is very vague, and does not well define exactly what is meant by specific terms.

The other point that I wanted to make in particular is with the exception of the emergency projects, most of the projects that we looked at could have been planned and programmed in advance. That is not to say that they should have been planned and programmed outside of the TCP arena. They can still be within the TCP. But there needs to be some mechanism for the governing bodies to allocate funds. One mention was on a regional basis. We looked at that. Or another mechanism would be to allocate to particular program areas. At least in that respect, the governing bodies would have some oversight ahead of time on where the money was going to go. But that really goes to the heart of our recommendation.

You did mention about the carry-over problem. We see that as a concern. The State Department has raised that almost from the outset, that this is a practice that they would like to see changed.

The governing bodies as a whole have not seen fit to change that practice. A larger concern that you also made reference to that exacerbates that problem is that even in the next biennium some of the money is not used. And projects approved in the later biennium are then charged back to an earlier biennium.

I am sure that the Congress would not like their appropriations to be dealt with in that way by the executive branch. And I think that it is an inappropriate accounting practice in this case.

Although I must say that the governing bodies approved that practice when it was brought to the attention of the Secretariat by the external auditor.

Mr. Chairman, I think that pretty much covers the main points. [The prepared statement of Mr. Johnson appears in the appendix.]

Mr. LANTOS. Thank you very much, Mr. Johnson.

Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

I do have some information that I would like to at least put out, and see if there is any reaction that would have an impact on Secretary Bennet or Mr. Johnson.

STATE'S IG 1990 REPORT ON THE U.S. MISSION TO FODAG

The State Department's Inspector General, Sherman Funk, observed in 1990 that the U.S. mission to FAO was not getting proper

support from the U.S. Embassy in Rome, and that U.S. personnel assigned to FAO were not receiving necessary language training.

I thought perhaps that you might want to investigate, Secretary Bennet, if there has been any change, positive change, in that area.

I am sorry that Secretary Moos is gone, because I would like to have heard him. I would like to have heard his reaction to a recommendation from Ross Talbot, who is at Iowa State University. He has recommended that USDA's Economic Research Service be tasked to perform a report on a much needed, as he puts it, reorganization of the FAO, including examination of structure, policy, process, and personnel practices, in an effort to transform it into a more effective lead agency, as a world food information network and development assistance agency.

I do not know Professor Talbot directly. But I gathered from looking at some of the recommendations that we think that might be worth looking into. I think that the ERS has a good reputation, and should be well qualified to proceed in that area, if they had the encouragement of State and Agriculture.

Would this be something that you would have any comment on, Mr. Johnson?

Mr. JOHNSON. The only comment that I would like to make on that is I think that that type of review ought to be extended to all of the food organizations that are located in Rome. In addition to FAO, you have WFP, and IFAD, and another coordinating group all headquartered in Rome.

And it seems to me that in looking at that particular segment, the agricultural segment or the food segment, that it all ought to be examined together.

DISCUSSION OF CRITICISM LODGED AGAINST FAO

Mr. BEREUTER. I think that is an excellent idea.

Secondly, I just wanted to put on the record here, I am not sure that you will have a reaction to these, but some comments that we had received from the late Otto Matzke, who was the former director of the World Food Program. He was a longstanding critic of the FAO under the Director General's direction.

He criticized the organization for several defects, including the following. First, FAO does not coordinate sufficiently with the other U.N. agencies, especially with the UNDP.

Secondly, FAO has used food aid for political purposes. We have talked about that. I think that he is primarily referring to the TCP. FAO is too large with a staff of, I could not believe this, approximately 7000 at its Rome headquarters, regional offices, and field posts.

Third, the establishment of FAO representative offices in a large number of countries that he contended was in addition to the pre-existing regional structure. Mr. Matzke argued this was a waste of public funds and that they were used primarily for patronage purposes.

So we had not only the regional structure, but then they would establish a field post in a particular country, even though there is very little activity in that country.

Perhaps that explains why FAO has, or did at least at that time, have a staff of 7,000. It may be larger and may be smaller. But

those were some of the charges that he leveled. And I think that Mr. Matzke's reputation is quite good.

Mr. JOHNSON. Our examination would support and confirm some of those charges. With respect to the headquarters versus the field, as I said, we did not look at the entire operation of FAO. So I cannot really comment on whether or not headquarters is too large. But what we did find in the field is that there is inadequate coverage. There is inadequate monitoring, and what we would consider to be staff shortages.

Mr. BEREUTER. Were you looking at the regional structure, or were you looking at the field posts?

Mr. JOHNSON. Mostly the field posts. We did not examine the structure, but we did visit some of the regional offices as well as the field posts. But that remark really goes to the field posts.

Mr. BEREUTER. We have a constant debate in our own government about how much you rely on regionalization and expertise in ASCS and SCS, and how much you put it down there at the county, or by county level. Maybe the same sort of question needs to be examined for the FAO. How much should be a regional capacity for West Africa versus this field post in Senegal and so on.

Mr. JOHNSON. And I think that should be part of the examination that you referred to earlier.

On the coordination point, while we did not look specifically again at coordination, we did examine a number of external audit reports as well as evaluation reports from other individuals and groups. And that was a point that was raised in a number of those studies.

So I would say that there is probably room for some improvement in coordinating with UNDP and some of the others, even though UNDP is a major financer of activities.

Mr. BEREUTER. I think today that Mr. Matzke well would have made a similar comment about perhaps the U.N.'s effort on the environment, which is a newer effort it seems to me in the UNDP.

Mr. JOHNSON. Right.

Mr. BEREUTER. Thank you, Mr. Chairman.

Mr. LANTOS. Would either of you gentleman like to make any additional comment?

[Pause.]

Mr. LANTOS. If not, we want to thank you very much. We look forward to working with you.

Thank you for your report, Mr. Johnson.

Mr. Secretary, it is a pleasure to have you as always.

Mr. BENNET. Thank you very much.

Mr. LANTOS. This hearing is adjourned.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

APPENDIX

Testimony of Under Secretary Eugene Moos,
International Affairs and Commodity Programs,
U.S. Department of Agriculture
Before the House Committee on Foreign Affairs
Subcommittee on International Security, International
Organizations and Human Rights

September 23, 1993

Mr. Chairman. The Department of Agriculture appreciates the opportunity to testify on the status of U.S. relations with the Food and Agriculture Organization (FAO). Let me begin by pointing out that those relations have improved markedly in the last few years. I would note that much of the credit for that improvement must go to our colleagues at the Department of State. The Department of Agriculture has worked closely and well with State over the last few years to make progress on budgetary and program issues that were troubling U.S. relations with FAO. At the same time, FAO itself has moved to take greater account of U.S. interests and concerns.

To cite a few examples of recent successes in U.S. relations with FAO I would offer the following:

First, in 1991 the United States was able to vote for the FAO budget for the first time in years and certify that it was in compliance with the Solomon-Kassebaum Amendment. FAO submitted a restrained, no growth budget and made permanent the budget outline process the United States had sought for some time. That budget did a better job of reflecting U.S. program priorities than in the past. The Department of State was sufficiently satisfied with FAO's progress on budgetary and management reform to make arrears payments for the last three years to reduce the U.S. debt to the organization. Unfortunately, this debt still stands at roughly \$86 million, the highest among UN specialized agencies.

Second, the Director General Sacuma of FAO appointed an American, Howard Hjort as Deputy Director General at the end of 1991. Shortly thereafter, Secretary General Boutros Ghali and the Director General jointly appointed another American, Catherine Bertini, to head the World Food Program, an increasingly important UN agency that now provides more aid to developing countries than any other international organization except the World Bank and has done excellent work in delivering food aid to Somalia, Sudan and the former Yugoslavia.

Third, FAO has undertaken several recent initiatives that the United States felt were well handled.

-- We have been extremely pleased with FAO projects to counter serious pest problems and animal diseases. FAO has worked effectively under difficult circumstances to deal with recurring outbreaks of the desert locust in Africa, which cause massive damage to crops, and in eradicating the screwworm from north Africa, which threatened to decimate livestock and wildlife throughout the continent if it had spread to the Nile River valley. Incidentally, both of these successes involved early use of funds from FAO's Technical Cooperation Program, which costs the United States less than \$8 million a year.

-- The International Conference on Nutrition (ICN), a ministerial level meeting jointly sponsored by FAO and the World Health Organization, was another positive development. The Conference began the day that U.S. troops landed in Somalia, and it gave a strong endorsement to United Nations intervention when civil unrest leads to widespread famine and suffering. Among other measures, nations attending the ICN also agreed to intensified global efforts to control trade in pesticides to reduce health risks and to attempt to better harmonize food safety and nutrition labelling requirements. Differing national requirements in those areas are likely to come up more frequently in future trade disputes. As followup to the ICN, the United States will prepare a National Plan of Action on Nutrition that will affect nearly \$50 billion in domestic and international food assistance programs, food safety and quality measures, and nutrition research and education.

-- FAO has also expanded its work in helping to preserve global plant and animal genetic resources, continued its worldwide program to help maintain tropical forests, sponsored international agreements on fisheries development and conservation, and improved its Global Early Warning System and ARTEMIS, a satellite monitoring system for Africa, which helps alert us of impending drought. FAO early warning systems and drought assessments were very helpful to the United States and the World Food Program last in year in delivering food aid to prevent a massive famine in southern Africa that would have affected tens of millions of people. Unfortunately, there was little in the press at the time on what a terrific job the World Food Program and FAO did in coping with the effects of the worst drought in southern Africa in a century.

There are, of course, areas where FAO could do better, modernize its approach, and hold down costs. The election of a new Director General will give all member nations a chance to offer new suggestions and make a fresh start. It is important to the Department of Agriculture that we have an effective and cooperative relationship with the next Director General. Thus far, the Administration has not selected a candidate to support. USDA is working closely with the Department of State to review each candidate's qualifications and policy positions before we make a final decision. Fortunately, we have a good field of candidates, and we could work well with any of the potential winners.

All concerned in the Administration have agreed to focus first on issues in supporting the candidate we select. We want to avoid any hint of the negative campaigns of the past which have cost the United States in the long run. Briefly, we are looking for the following qualities in the nine announced candidates:

First, strong management background and experience in the major fields of the organization -- agriculture, fisheries and forestry.

Second, views that coincide with the United States on major international development and trade issues and the environment.

Third, a commitment to bringing change to FAO, such as expanding some of its committees so member governments are more actively involved in decision making; reducing the headquarters bureaucracy where possible and containing costs, especially for meetings; more decision making in technical committees, rather than the larger and more political governing bodies; and delegating authority more within the organization itself.

We have asked candidates we have met if they were willing to support a two-term limitation. So far, all have indicated that they would. We have also expressed our concern to candidates that not enough Americans are hired at FAO. This situation has improved in the last few years, but FAO could still do better and we will continue to press them to do so. At the same time, the U.S. Government itself bears some of the responsibility for the problem and should revise personnel and retirement regulations to encourage assignments with international organizations. I would note that the Department of State has done a fine job in this area of recruiting, which is a good deal more complicated and difficult than it may seem at first glance.

I would like to turn now to the CAO Report that has been prepared for this subcommittee. We appreciate the extensive work done in preparing the draft report which focuses on FAO's Technical Cooperation Program (TCP). While we agree with a number of its recommendations, we were disappointed in the report overall. We had hoped to see more on the Program's positive contributions, especially in developing countries. We had also hoped to see more of the input given to CAO by the Department of Agriculture reflected in the draft. Unfortunately, the draft focuses on "process", "program criteria" and definitions, rather than output in the field and uses a tone we found inappropriately negative.

Little credit is given to FAO, even in areas where they have successfully managed the TCP, such as in keeping projects within the two-year limit and funding under \$400,000, with only \$140,000 per project the average in recent years. We were puzzled by the criticism of FAO for using equipment and consultants comparatively often from a few countries. The countries mentioned -- the United States, United Kingdom, and France -- are leaders in agricultural technology and field work in developing countries, so it is logical to use their services. It has also been the United States' policy to press FAO to use U.S. nationals in this capacity and to "Buy American".

We are particularly concerned that a one-sided report on the Technical Cooperation Program could be used by some to seek a cut in funding for worthwhile FAO projects which often promote agricultural development in the poorer nations of the world. These types of projects help poorer nations make progress in overcoming world hunger, a goal that is of particular importance to Secretary Espy, to me and to the Department of Agriculture.

It is also not clear from the draft report that many TCP projects have been of direct value to U.S. farmers and consumers, such as projects to:

- improve the safety and quality of fresh produce and fish products exported by developing countries to the United States;
- study and limit the spread of the Africanized honey bee;
- eradicate outbreaks of animal diseases that could harm U.S. agriculture, such as the African swine fever epidemic which, when it occurred in Haiti and the Dominican Republic, posed a billion dollar threat to the U.S. pork industry;

-- and to support public health initiatives, like those in Peru and other South American countries in 1991-92 that helped contain a cholera epidemic which caused health and food safety problems throughout the hemisphere.

It is time for us to move away from micro-management of UN agencies and to evaluate their programs more on a cost-benefit basis. We should be asking ourselves: Does the U.S. investment in this program bring us a reasonable return? Are we closer to achieving U.S. economic, humanitarian or foreign policy goals as a result of this investment? In the case of the Technical Cooperation Program, the answer to these questions is a clear "Yes", despite the management problems outlined in the draft GAO report.

FAO agreed to open its offices and files to the GAO team and commit considerable staff time to answering their queries. No United Nations agency is subject to GAO review; nevertheless, FAO cooperated. We owe FAO and the U.S. Congress a sound and balanced review. The Department of Agriculture is prepared to work with GAO to help them make the changes needed to produce an more effective final report.

We would urge the GAO and this Subcommittee to carefully review the specific comments made by FAO on the draft GAO Report and to revise it accordingly. In many instances, FAO offers very convincing responses to criticisms and successfully explains many of the complications involved in running field programs. For example, the GAO report implies that there is gender bias in the hiring of consultants. This is a complicated problem. In fact, there are few female consultants available to FAO working in developing countries who have expertise in technical fields such as irrigation techniques, animal health and so on. The draft report also states that there were undue delays in hiring consultants, which did not appear to be the case; the report confuses hiring time with the time at which consultants reported in the field.

There are numerous other criticisms which, upon closer examination, do not appear completely fair. The facts that 70 percent of the projects received favorable reviews from governments and that 40 percent resulted in additional followup funding are not treated as the positive accomplishments they certainly are, especially when we compare the TCP to other UN technical assistance activities.

Incidentally, it is important to note that three earlier evaluations of TCP, External Auditors Reports and an internal Department of State review were all markedly more positive in their comments on the Technical Cooperation Program. In the future, we feel the GAO should enlist the services of technical experts in agriculture and development if they are going to review technical assistance projects. How else can we determine if they are really effective and how well they compare to similar activities?

With this said, the Department does agree with some of the recommended changes in financial management of TCP and, in fact, both USDA and the Department of State had already formulated similar recommendations on the TCP even before GAO began its review and shared them with GAO staff at that time. We did not present these recommendations to FAO pending the outcome of this study.

We support the following management changes, specifically: a revision of program criteria for funding so they are clearer; broad programming of most TCP funds by subject area, with an allocation of perhaps 20 percent that would be set aside for emergencies; indicative allocations of funding by region, but not by country, so regions with the greatest poverty problems receive more resources; an end to carryover of unallocated funds from one biennium to the next; and the establishment of regular evaluations of samples of TCP projects every five years beyond the field project reviews that FAO normally conducts.

We have met with GAO staff and are pleased to report to you that they were receptive to many of our suggestions. The Department hopes that the final GAO report will prove a useful tool for the United States to use in persuading other nations, who are predominantly satisfied with the program as it stands, to undertake management reforms in the Technical Cooperation Program. With these reforms in place, the United States should look to finding ways to increase the number of TCP projects that are of direct interest to U.S. farmers and consumers. USDA would not support any significant decrease in funding levels for TCP and we are pleased that the GAO draft report did not recommend that action.

In closing, I would say that many FAO programs are quite directly useful to U.S. agriculture. We would like to see some of them expanded further. The Codex Alimentarius, which helps set standards for international trade in agricultural products, and FAO activities to preserve our global plant and animal genetic come first to mind. But there are many other FAO activities such as technical assistance that, on the surface, would appear to be less useful to us and of value to developing countries alone. That is simply not the case.

Let's for a moment set aside all humanitarian considerations, and view such aid from a purely economic point of view. FAO technical assistance, including the Technical Cooperation Program, is of long-term value to America's farmers and food industry. Why? Simply put, poor nations make poor customers. The fastest growing segment in U.S. agricultural sales overseas is the developing world. More than 60 percent of our food exports -- from Iowa, Nebraska, California -- are sold to developing nations. That amounts to more than \$25 billion a year. It is in our interest to help developing nations prosper. We are doing both what is morally right and economically sound in supporting FAO as it helps the developing world struggle to emerge from poverty.

Thank you.

EUGENE MOOS
Under Secretary of Agriculture
for International Affairs and Commodity Programs

Eugene Moos was sworn in as Under Secretary of Agriculture for International Affairs and Commodity Programs on May 28, 1993. President Clinton announced his intention to nominate him for this post on March 8 and he was confirmed by the Senate on May 26.

In this post, he is responsible for the U.S. Department of Agriculture agencies concerned with international trade, international development, and U.S. farm programs -- the Foreign Agriculture service, Office of International Cooperation and Development, and the Agricultural Stabilization and Conservation Service.

Most recently, Moos was president of Gene Moos & Associates, a Washington, DC, consulting firm. He is a former Congressional staffer who served as staff director of the Wheat, Soybeans and Feed Grains Subcommittee, House Agriculture Committee, and senior staff professional of the House Agriculture Committee. He was an advisor to House Majority Leader Thomas S. Foley.

He has 26 years experience running a family farm. He is a graduate of Washington State University, with a B.S. degree in agricultural chemistry.

Moose was an advisor to the U.S. Delegation, Multilateral Trade Negotiations in Geneva, first president and founding member, East-West Trade Council, international trade advisor, National Association of Wheat Growers, and president, National Association of Wheat Growers.

Statement of

Douglas J. Bennet

Assistant Secretary

for International Organization Affairs

Department of State

before the Subcommittee on International
Security, International Organizations and
Human Rights

Committee on Foreign Affairs
House of Representatives

September 23, 1993

Mr. Chairman, I welcome this opportunity to appear before the Subcommittee on International Security, International Organizations and Human Rights to review U.S. participation in the United Nations Food and Agriculture Organization. I look forward to working closely with my colleagues from the U.S. Department of Agriculture in coming months on the important issues facing the FAO.

The FAO remains one of the largest and potentially most important UN specialized agencies. It is the lead international organization in the fields of agriculture, forestry and fisheries. Its human resources and technical capabilities are vital to the world community. Its mandate encompasses data collection and dissemination on food supplies and production, promotion of international food security, and, as part of an international effort to raise standards of living and levels of nutrition world-wide, improvement of conditions for rural populations. The FAO also plays a vital role in promoting agricultural trade and setting international food safety standards.

This administration has renewed its commitment to the multilateral system and seeks to promote collaboration with UN agencies, including FAO, in order to realize the full potential of the UN system. A history of difficult relations and North-South politics in FAO -- and elsewhere in the system -- reduced its effectiveness in achieving our common goals. The U.S. is committed to FAO's success. The necessary next step is to ensure that FAO takes steps to correct its serious problems in management. We need better priority setting, elimination of unnecessary activities, steady funding of successful projects, and cost containment.

One of FAO's major tasks for the 21st century is to play a catalytic role in implementing the objectives of UNCED - a blueprint of actions in support of sustainable, environmentally sound agricultural development. To meet these challenges, FAO must streamline and refocus its activities and concentrate on program delivery. Improvements must be made in data collection and dissemination; interactive datalinks must be established to

help developing and developed countries conserve and use their agricultural resources more efficiently.

The US accounts for 25 percent of FAO's regular budget, with an annual assessed contribution in the 92-93 biennium of roughly \$80 million dollars. FAO's field operations are among the largest of the UN specialized agencies, and its core budget (supporting technical services in agriculture, forestry and fisheries) is second only to that of the World Health Organization. Technical assistance delivery is spotty in many specialized UN agencies and FAO's record is no exception. FAO's own evaluation of project results shows more effort must be made to design and implement programs more effectively.

I know the Subcommittee has given attention to the FAO's Technical Cooperation Program (TCP). This biennium's TCP allocation was \$77 million, 12 percent of the total FAO budget. This program is designed to respond rapidly to urgent requests from developing country governments. We have reviewed The GAO draft report requested by the Subcommittee which assesses the program's overall effectiveness, its financial management, and the role of FAO governing bodies in setting policies for the TCP.

As the program has evolved, agriculture ministers often rely on it as a tool to send staff for training or hire a consultant on a last minute basis. This means it, on occasion, funds activities that could come under the program accounts in the regular budget or within the extrabudgetary trust funds. The increasing reliance of developing country agriculture ministries for this use of TCP is much broader than the original emergency definition. At the same time, the unprogrammed nature of TCP means FAO can react quickly to genuine emergencies such as an outbreak of swine fever or a locust plague -- programs that reflect the original intent of TCP.

The GAO's recommendations for improving Technical Cooperation Program operations include the following: TCP project criteria must be strengthened and applied systematically; reporting on TCP implementation must be more consistent and timely; field oversight and reporting on project/program status is essential; better cost control of programs; and a plan for phasing TCP activities, where needed, into the regular FAO program in circumstances where appropriate is also vital. TCP can move in to address a screwworm infestation; regular program funds for integrated pest management should support preventive and follow-on strategies.

Our first goal in improving the process is to seek semiannual reports on TCP implementation status; we also will explore with other member states measures that will strengthen the entire program. To maximize this recommitment to the process of promoting multilateral solutions for global problems, we must obtain practical results from these vital UN institutions. We have been engaged in that effort with many FAO member states - including developing and developed countries - and there is increasing membership involvement in shaping the FAO agenda. In response to a 1989 external review of FAO field programs and pressures for reform, FAO has taken initial steps toward consensus-based budgeting, and more country-focussed, programmatic approaches to project development. We will continue to work with other nations to reach effective consensus decisions, eliminating past patterns of polarization and paralysis.

The US is involved in active dialogue with member states on the need for change and reform in the FAO. We have a number of qualifications we seek in the next Director General, including a record of achievement in agriculture and knowledge of development issues. We are looking for a candidate who will be innovative while also effectively managing the extensive human and financial resources of a major international organization. We are looking for a leader who can communicate effectively with the membership and will encourage cooperation and dialogue between developing and economically developed countries. The election of a new FAO Director General this November in Rome will provide us with a key opportunity to effect meaningful and substantive change in the organization.

The US is committed to working closely with the next Director General of the FAO. The slate of highly qualified candidates makes this an exciting prospect. I have had personal contacts with most of the candidates, and we have shared our ideas about reform and revitalization of the FAO with them. (Submit for the record below:)

Briefly, I would like to submit the names of the candidates and their qualifications for the record.

Maharaj Muthoo of India and Salahuddin Ahmed of Bangladesh have extensive experience in FAO and the World Food Program respectively. Muthoo has had a long FAO career, but Ahmed has also held top ministerial positions in Bangladesh.

Gerrit Braks, former minister of agriculture in The Netherlands, recently chaired the Den Boesch Conference on Agriculture and the Environment, which shaped UNCED's agricultural agenda.

Geoff Miller from Australia has a strong background in agriculture and excellent managerial skills, and played a leading role in promoting free trade in the GATT process. He has headed government departments of agriculture, forestry and fisheries. Rafael Moreno of Chile, with a background in agricultural economics, has held senior FAO positions, including Assistant Director General, for fifteen years.

Chris Bonte-Friedheim of Germany, a noted agronomist, is the Director General of the International Service for National Agricultural Research. He has extensive development experience in Africa and Asia, with FAO and other international organizations.

Patrick Cunningham of Ireland is an internationally renowned geneticist and most recently was Director of the FAO's Animal Health Division. In that capacity he assembled a strong staff of geneticists to address the problems of conserving domestic farm animal genetic resources, an essential element in this global effort.

Jacques Diouf with a Doctorate in Agricultural Economics and substantial financial expertise is Senegal's ambassador to the United Nations.

This is a strong slate of candidates; each has qualities to contribute to FAO. Collectively, they represent nearly two centuries of experience in agriculture and development. I am convinced that the U.S. can and will engage constructively with whomever is elected the next Director General of the FAO. The US then will need to play a leadership role in the FAO in forging new member coalitions, including the G-77 countries, to support increased attention to sustainable agriculture, and to encourage market sensitive programing and increased cooperation with UNDP and other food agencies. These challenges will not be easy given the budget constraints and the multiplicity of demands. We are determined, however, to ensure better performance and better value from these institutions that comprise a system with enormous, unrealized potential.

U.S. DEPARTMENT OF STATE

Office of the Spokesman

For Immediate Release

May 28, 1993

DOUGLAS J. BENNET
ASSISTANT SECRETARY OF STATE
FOR INTERNATIONAL ORGANIZATIONS

Douglas J. Bennet was sworn in as the Assistant Secretary for International Organizations on May 26, 1993. He was announced for this position by the White House on March 5 and confirmed by the Senate on May 25, 1993. Prior to assuming this position with the State Department, Mr. Bennet had been President and CEO of National Public Radio since 1983.

Mr. Bennet's foreign affairs experience includes positions as Administrator of the Agency for International Development (1979-1981), Assistant Secretary for Congressional Relations (1977-1979), and Special Assistant to U.S. Ambassador to India Chester Bowles (1964-66).

Mr. Bennet has held key positions on Capitol Hill and at the White House. He was both the first Staff Director of the Senate Budget Committee and Administrative Assistant to Senator Abraham Ribicoff (1973-1974); Administrative Assistant to Senator Thomas F. Eagleton (1969-73); and Assistant to Vice President Hubert Humphrey (1967-1969).

Mr. Bennet is a native of Lyme, Connecticut and was born on June 23, 1938. He received a B.A. degree from Wesleyan University, an M.A. from the University of California at Berkeley, and a Ph.D. in history from Harvard University.

GAO

Testimony

Before the Subcommittee on International Security,
International Organizations and Human Rights, Committee on
Foreign Affairs, House of Representatives

MULTILATERAL
ASSISTANCEU.S. Participation in FAO's
Technical Cooperation
Program

Statement of Harold J. Johnson, Director, International Affairs
Issues, National Security and International Affairs Division



Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our review of the Food and Agriculture Organization's (FAO) Technical Cooperation Program (TCP). In response to the Committee's request, we reviewed (1) the degree to which FAO has conformed to its established criteria in selecting TCP projects, (2) FAO's management of TCP, and (3) the role of FAO's governing bodies, and of the United States, in overseeing TCP and following up on auditor and evaluator recommendations. While we did not evaluate the impact of TCP projects, we did obtain the views of government officials who received TCP projects about the usefulness of the projects to their countries.

We are in the process of preparing a report on this work which should be available by November. My testimony today will summarize that work.

BACKGROUND

Before discussing our results, some background on FAO and TCP may be useful. FAO was established as a specialized United Nations agency to deal with issues in the fields of agriculture, fisheries and forestry. Its agriculture program seeks to bring about sustained improvements in nutrition, food security, and rural incomes; its fishery program promotes improved management

and use of fishery resources; and its forestry program, among other things, seeks to find a balance among environmental concerns and increased demand for forest products.

FAO's total budget for the 1992-93 biennium is about \$1.5 billion--\$645.6 million from assessed contributions and about \$880 million from voluntary contributions. The U.S. assessment is 25 percent of the total regular budget; the U.S. net contribution for 1992-93 will be about \$159 million. In addition, the United States has contributed \$3.5 million in 1991-92 and \$3.8 million during the first 7 months of 1993 for extrabudgetary support.

TCP was established in 1976 to finance projects in developing countries at the request of their governments. The projects provide such services as advising governments, training local officials, preparing investment proposals, and assisting in emergencies. The TCP allocation for 1992-93 was about \$77 million, or 12 percent of FAO's regular budget. Unlike the rest of FAO's regular budget activities, TCP is not programmed in advance--that is, when the governing bodies approve a total allocation for TCP, they do not approve a distribution of the allocation to program areas or to geographic regions.

We conducted our review of TCP at FAO headquarters in Rome and in eight countries in Asia, Africa, and Central America. This

included examining a representative sample of 85 TCP projects approved in 1989, 1990, and 1991 and interviewing FAO and government officials concerning 123 projects in the eight countries we visited. Throughout our review we received the cooperation of FAO and of government officials.

RESULTS IN BRIEF

Our field work in eight countries indicated that the governments which have received TCP projects were generally satisfied with the program and found most of the projects useful. Government officials told us that they had used at least some of the results of 70 percent of the projects, and about 40 percent of the projects had served as a catalyst in generating additional funding from either external sources or national budgets for larger scale activities. FAO has not developed formal standards to measure the success of TCP's results, but it believes this success rate would be difficult to match under any comparable program.

While recipient governments expressed satisfaction with the program, we found that some of FAO's stated goals for TCP are not consistently reflected in the criteria it has established to govern the selection of projects. Since the inception of the program, FAO has defined TCP's goal as responding to the urgent and unforeseen needs of developing countries with rapidly

implemented, short-term, low-cost projects that have catalytic effect. Yet some of these goals, such as that projects provide rapid responses or that projects meet unforeseen needs, are not consistently reflected in the selection criteria. Also, some of the criteria that have been established for all projects lack specificity. For example, all projects are required to meet "urgent" needs, have an "overall duration" that does not exceed 2 years, and "where possible," generate "catalytic effect," but these criteria have not been defined.

We found that with certain minor exceptions, most of the projects we reviewed met some TCP criteria. For example, projects were requested by governments, they had budgets of under \$400,000, and they had clear short-term objectives and expected results. However, we also found that most projects did not meet some criteria, particularly the requirement that projects meet urgent or unforeseen needs, which was a primary justification for TCP's unprogrammed feature. In other cases, we found that FAO did not obtain evidence of adherence to criteria, such as that (1) projects complement other development activities without duplicating them, (2) the most effective and least costly method of project execution was adopted, and (3) projects were followed up by governments.

We found some weaknesses in the program and financial management of TCP, including delays in the procurement of consultants and

equipment, which delayed project implementation; lack of compliance with some competitive purchasing requirements; and the absence of impact evaluations. Financial management weaknesses included delays in releasing unused funds from completed projects, FAO's practice of carrying over about half the TCP allocation from one biennium to the next, and the charging of expenditures on newer projects back to earlier underutilized appropriations. Many of these weaknesses have been noted by evaluators and auditors since 1978, and have been raised by the United States and other members at governing body meetings, but the governing bodies have not required that these practices be changed.

FAO'S CONFORMANCE WITH TCP PROJECT SELECTION CRITERIA

FAO's Guidelines, approved by its governing bodies, state that all TCP projects must meet several criteria. For example, all projects must

- meet an urgent and specific problem;
- complement, but not duplicate, other development activities;
- use the most effective and least costly method of execution;
- have well-defined objectives and expected results;

- be accorded high priority by the requesting government;
- have budgets not exceeding \$400,000;
- be of short duration, preferably less than 3 months, but not exceeding 24 months; and
- where possible, serve as catalysts for larger scale activity.

Also, governments must assure FAO that follow-up action will be taken on projects.

We found that some of these criteria lack specificity, and the Guidelines do not provide definitions or clarifying examples. For instance, the Guidelines provide no definition of "urgent" problems or needs and no explanation of how projects other than responses to emergencies might meet this criterion. At governing body meetings, the United States has conveyed its concerns about the vagueness of certain TCP criteria, particularly the requirement that projects meet urgent problems. Similarly, the Guidelines do not specify what is to be included in the overall duration of project activities--for example, whether "overall duration" applies only to field activities or whether it also applies to project activities that occur before and after the field activity. The Guidelines require all projects to serve as catalysts for larger scale activity "where possible," but provide

no further definition of what is expected or a standard to measure when this objective is achieved.

Also, we noted that FAO's Guidelines contain no criteria at all in some areas essential to meeting the stated goals for TCP. For example, one of FAO's consistently stated goals for TCP is to provide rapid responses to government requests, but the Guidelines contain no criterion regarding the timing of project implementation. FAO also states that TCP's goal is to respond to unforeseen and urgent problems and offers this goal as a principal justification for TCP's unprogrammed feature. However, while the Guidelines require that all projects meet urgent problems, they specifically provide that unforeseen needs be used as justification only for emergency and advisory projects. Since all of TCP is unprogrammed, there appears no reason why only advisory projects, and not training or investment projects, for example, should meet unforeseen problems.

We found that most of the TCP projects in our sample met one or more of FAO's criteria, but except for projects categorized as emergencies, most projects did not meet urgent or unforeseen problems. This is not to say that the projects were not worthwhile, because according to government officials we interviewed, most projects served a useful purpose. However, the fact that most projects did not meet urgent or unforeseen needs is important because this is a fundamental justification for the

unprogrammed feature of TCP. In other words, most of the projects we reviewed, except those categorized as emergencies, could have been programmed through the normal budgeting process where the governing bodies would have had some input to the decision-making process.

FAO does not obtain evidence that projects adhere to some criteria. Although the Guidelines state that all projects must complement other development activities without duplicating them, most proposals for projects in our sample did not provide any evidence of coordination with other development activities. Similarly, although the Guidelines require that the most effective and least costly method of project execution be adopted, only one project in the sample provided a rationale in these terms for the method of execution.

Finally, the Guidelines require a government proposing a TCP project to assure FAO that follow-up action will be taken and to describe the project's catalytic role. Yet, governments did not indicate any planned follow-up or catalytic effect in their proposals for about two-thirds of the projects in our sample. Although the Guidelines also state that completed projects, where possible, should serve as catalysts for larger scale activity, records at FAO headquarters contained no information about follow-up or catalytic activity for about 75 percent of the completed projects in our sample.

Although FAO does not systematically track the effects of completed projects, government officials in the countries we visited told us they had used some of the results of 70 percent of the projects we reviewed. While the countries had not generated additional funds for most projects, we noted that additional funding from external sources was obtained for about 28 percent of the projects, and that about 11 percent of the projects generated additional funding from the governments themselves. The TCP criteria do not provide standards to measure the success of these results, but FAO believes this is an achievement difficult to match under any comparable program.

Some TCP criteria were nearly always met. Every project in our sample was requested by a government, which in that sense gave it high priority. Projects generally had clear short-term objectives and expected results, though most did not have clear longer term objectives. Finally, every project we reviewed met the \$400,000 budget ceiling, and most were considerably below this maximum. We noted that FAO does not include all its costs in project budgets, but even if it did so, most budgets would still not have exceeded the ceiling.

SOME TCP MANAGEMENT PRACTICES ARE WEAK

There has been very little real growth in the allocation of FAO resources to TCP. However, certain management weaknesses have

inhibited effective use of the TCP resources. Many of these weaknesses have been reported before.

Delays in Procuring Consultants and Equipment

The amount of time FAO headquarters requires to field consultants and to procure and deliver equipment or supplies has delayed project implementation, and many original project start dates have had to be postponed. FAO relies heavily on consultants for most TCP projects. Between 1989 and mid-1992, 1,307 consultants worked on at least one TCP project. However, for more than 40 percent of the projects in our sample, the consultant could not arrive in the field as quickly as originally planned, requiring FAO to postpone the project start date. Similarly, equipment and supplies were ordered by FAO headquarters an average of 4-1/2 months after the projects' originally planned start dates and were not delivered to the field for another 5 months, on average.

Some of the delays were outside FAO's control. For example, consultants may not have been available at short notice; FAO headquarters must follow competitive bidding procedures which can be time consuming; and deliveries to project sites in developing countries take time. Although FAO begins its consultant recruitment process quickly after projects are approved, we believe that delays could be reduced if FAO implemented recommendations that have been made in the past, for example, by

increasing and more frequently updating consultant rosters. We also believe that FAO could plan project start dates to more realistically take account of the difficulties it faces in deploying consultants. FAO has taken steps to improve the procurement of equipment and supplies at headquarters by centralizing the process in one division. FAO said it hopes this will reduce the delays it has experienced.

Procurements in the Field

FAO field officers can purchase equipment and supplies from local suppliers, up to a specified dollar limit, using the field office imprest accounts. The regulations require field officers to include a written explanation in the project file in cases where these purchases are not competitive. If a purchase is between \$500 and \$5,000, quotations from more than one source should be obtained wherever feasible, but if the purchase is over \$5,000, multiple quotations are required. When multiple quotations are not obtained for any purchase over \$500, an explanation must be placed in the file.

We reviewed files on 65 imprest account purchases and found evidence that multiple quotations were obtained for only 18 percent of the lower value purchases and 13 percent of the higher value group. The files for both the lower and higher value

purchases seldom contained an explanation for not obtaining multiple quotations.

Project Impact Is Not Evaluated

FAO's evaluations of TCP have generally focused on the degree to which projects met program criteria, were efficiently implemented, and generated follow-up and catalytic effect, not on the impact of TCP over a number of years in any given region, country, or program area. For example, the evaluations did not inform FAO about the impact after 5 years of TCP advisory projects in Africa, or of training projects in areas such as food safety standards. Moreover, since TCP project proposals do not specify measurable longer term impact, it would not be possible under current circumstances to evaluate whether actual impact compared favorably with what was anticipated. Expected impacts need to be specified during the project planning and development phase in order to know whether the projects ultimately achieved those results.

According to FAO, its policy has been to evaluate the impact of field programs overall and not to focus its impact evaluations on TCP because TCP projects are short-term. We agree that FAO should evaluate the impact of its overall field programs in a given country or program area; however, in the absence of evaluations focusing on TCP, as distinct from other FAO efforts,

the Secretariat and member states lack information about the program's impact or effectiveness.

TCP Allocation Carryover

Since 1986, FAO has not obligated or spent about one-half the TCP allocation in the biennium of appropriation. The carryover is authorized by FAO's financial regulations, but the high percentage of carryover has raised questions about FAO's management of TCP funds. Since the inception of the program, U.S. representatives have raised objections to TCP's carryover feature, which is unique among U.N. agency regular budget technical cooperation programs. U.S. officials told us that the carryover (1) suggests that the TCP appropriation for each biennium is larger than the program can use, (2) casts doubt on the argument that TCP is necessary to meet urgent needs, and (3) makes it difficult for member states to track the use of TCP funds at any given time. TCP's carryover feature was initially justified on the basis that the program was experimental; however, TCP is now over 18 years old and is no longer experimental. The large carryover indicates that the TCP allocation is not used quickly to meet government requests, even though FAO maintains that requests greatly outnumber the resources available to meet them.

We found that even after FAO has carried over funds from one biennium to the next, it still does not obligate or spend all the allocation by the end of the second biennium. FAO regulations require that funds not obligated by the end of the biennium following the appropriation must be transferred to miscellaneous income. In some recent biennia, FAO has avoided returning a portion of the unused TCP allocation to miscellaneous income by charging projects approved in later biennia back to the underused earlier one. For example, to avoid surrendering a portion of the 1988-89 appropriation at the end of 1991, FAO charged completed projects, totalling over \$5 million, to the appropriation, even though the projects had originally been approved under the 1990-91 appropriation. In 1980, FAO's external auditor questioned this practice after FAO had made such a transfer for the 1976-77 appropriation. FAO referred the issue to the governing bodies, which retroactively authorized the transfers, and any future ones, stating that funds appropriated for TCP should be spent for TCP.

FAO Reports on How Carryover
Will Be Used Are Unreliable

Although approximately half the TCP allocation is not obligated by the end of the biennium of appropriation, FAO maintains that most of the allocation is "earmarked" for approved projects by that time. We found that while the bulk of the allocation may be earmarked for approved projects, it is not necessarily spent for

those projects. When we compared the carryover reported with that actually spent in the country during the following biennium, we found substantial variations for two-thirds of the countries in 1986-87 and for 57 percent of the countries in 1988-89. About 25 percent of countries in each biennium received either twice the reported "earmark" or less than half of it. Thus, at the very least, reported carryover is not a reliable indicator of spending in countries during the second biennium.

MANY RECOMMENDED CORRECTIVE ACTIONS HAVE NOT BEEN TAKEN

Evaluators hired by FAO, its external auditor, and its own Evaluation Service have previously noted many of the same weaknesses we found and have recommended corrective actions. For example, the consultants hired to evaluate the program in 1985 and the Evaluation Service in 1991 noted weaknesses in FAO's tracking of project follow-up and catalytic effect. The 1985 report recommended that FAO monitor follow-up after project completion, send final reports to governments more quickly, and enforce the requirement that governments respond with an account of their follow-up actions. With respect to the procurement of equipment and supplies, the 1985 consultants recommended that FAO increase the use of suppliers from the project country and determine the availability of required equipment and supplies before approving projects.

In his 1988-89 report, the external auditor recommended that FAO

- consolidate headquarters bidding processes by developing standard specifications for common equipment items and approaching suppliers periodically for fixed, longer-term prices, thereby reducing the number of separate competitions;
- provide field officers with more guidance on potential suppliers for particular commodities to increase their use of competitive procurement;
- monitor and compare equipment performance; and
- strengthen the Evaluation Service (an auditor recommendation in 1986-87 also).

FAO has taken some action in response to these recommendations. For example, FAO (1) authorized the procurement process to begin before project approval in certain cases; (2) increased the authority of field offices by delegating to them authority to approve projects up to a specified dollar limit and raising the dollar limit for field purchases; (3) added one position to the Evaluation Service in the 1990-91 budget; and (4) issued a revised procurement guide for field officers in September 1992 that details FAO requirements and provides indicative cost and delivery estimates for certain specified commodities. FAO also

reports that it is now introducing "bulk buying" for certain products with sufficient and recurring demand.

However, FAO has not taken action on other recommendations. For example, it has not implemented recommendations to (1) improve its tracking of follow-up, (2) ascertain the availability of equipment and supplies before approving projects, (3) provide field officers with more guidance on potential suppliers in order to increase their use of competitive procurement, and (4) monitor and compare equipment performance.

While some member states, including the United States, have requested management improvements in addition to those pledged by the Secretariat, the governing bodies have not requested either continuing information on the implementation of pledged actions or action on the other recommendations. However, at the urging of the United States and the United Kingdom, the Conference directed the FAO Secretariat in 1991 to formally report on the corrective actions taken in response to external auditor recommendations. The first such response is expected at the November 1993 Conference.

OBSERVATIONS

In summary, our review of FAO's criteria for TCP and the application of that criteria has shown that since most activities

currently funded by TCP were not responses to urgent or unforeseen needs, FAO and the governing bodies could have programmed them in advance through their established programming procedures. Most current TCP activities are the same kinds of activities that FAO and other U.N. agencies program through their regular budgeting process. As U.S. representatives to FAO have stated, programming would increase member state influence over the objectives, distribution, and coordination of TCP.

Incorporating TCP into FAO's regular budgeting procedures would not, in our opinion, produce a lengthy, detailed or inflexible TCP planning process. In 1991, FAO's Director General proposed that most of TCP be programmed by geographic area, but that proposal was not adopted by the governing bodies. We believe that most of TCP could be programmed by FAO substantive area, a position that has been advocated by the Departments of State and Agriculture, but that a percentage of the TCP funding allocation should remain unprogrammed for use in emergencies. We also believe that FAO should specifically define the other urgent and unforeseen problems for which the unprogrammed funds could also be used.

We would also urge the U.S. representatives to FAO to continue to work with the Secretariat and other member states to clarify and enforce project selection criteria, such as requirements for follow-up and catalytic effect, that would be applicable to all

TCP activities, both programmed and unprogrammed, and to strengthen governing body oversight of TCP, particularly regarding the Secretariat's implementation of actions to correct management weaknesses.

Mr. Chairman, this concludes my prepared remarks. We will be pleased to respond to any questions you or other members of the Subcommittee may have.

BIOGRAPHY - HAROLD J. (JIM) JOHNSON

Mr. Johnson currently serves as Director of International Affairs Issues within the National Security and International Affairs Division (NSIAD). He has occupied this position since January 1993. From October 1989 until January 1993 he served as Director of Foreign Economic Assistance Issues, and prior to that time he was Director of Military Manpower Issues and an Associate Director of Navy Issues in NSIAD.

Mr. Johnson joined GAO's Seattle Region in January 1966, after having received a Bachelor of Science degree in Business Administration from Portland State University. He served in the Seattle Region until 1968, at which time he was assigned to GAO's Far East Branch, Manila suboffice.

Upon returning from overseas in 1972, Mr. Johnson was assigned to GAO's International Division. From 1976 to 1978, Mr. Johnson evaluated GAO's own internal operations as a manager in the Office of Internal Review (OIR), after which he joined the Federal Personnel and Compensation Division (FPCD) as an Assistant Director in the military manpower area. He continued in this capacity with NSIAD until August 1985, at which time he was selected to participate in GAO's Executive Candidate Development Program. Mr. Johnson became a member of the Senior Executive Service in May 1987.

Mr. Johnson has received numerous awards throughout his career, including the Distinguished Service Award. Mr. Johnson is a 1986 graduate of the National War College, a Certified Public Accountant (Oregon), and a member of the American Institute of CPAs.

United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

This letter is a follow up to the testimony of Douglas J. Bennet, Assistant Secretary for International Organization Affairs, given on September 23 before the House Subcommittee on International Organizations discussing the Food and Agriculture Organization in Rome, the GAO report on the FAO Technical Cooperation Program, and other issues facing the United Nations. I would like to address some of the questions that were raised during this testimony.

The number of FAO members now totals 161. Among the new applicants for membership are: Armenia; Bosnia-Herzegovina; Croatia; Eritrea; Slovakia; Slovenia; and South Africa.

Japan, the second largest contributor state, is assessed 13.26 percent of the total FAO assessed budget. In addition to the United States and Japan, the other largest donors are; Germany (10.9%); France (7.28%); UK (5.66%); Italy (4.65%); and Canada (3.6%). The scale of contributions for 1992-93 is attached.

Congressman Bereuter expressed interest in updated information on the number of personnel employed by FAO. FAO professional and General Services staff total 4,184, with 2,959, or about 70% of FAO's personnel, headquartered in Rome and the remainder stationed in FAO field and regional offices around the world.

Finally, reference was made to Inspector General Funk's 1990 report on the U.S. Mission to the United Nations Agencies for Food and Agriculture (FODAG) which indicated some areas in which the American Embassy in Rome needed to provide a greater

The Honorable

Tom Lantos, Chairman

Subcommittee on International Security,
International Organizations and Human Rights,
Committee on Foreign Affairs,
House of Representatives.

degree of support to the Mission. Three general areas of difficulty were: maintenance and cleaning; language instruction; and communications. For the most part, these problem areas arose after the Mission had moved from the location which it had occupied for some years.

I am pleased to report that we have been able to remedy most of the problems at FODAG cited by the Inspector General. The maintenance and cleaning issue was resolved by utilizing Embassy Vatican staff and contract personnel.

The language issue has been addressed by ensuring that FODAG staff now receive at least minimal language training in Washington before arriving in Rome. In 1992, FODAG began a language program of its own out of IO/FODAG resources.

Finally, the communications issue has been fully resolved. The Mission receives complete support from the American Embassy in Rome, although, there are inherent delays in the communications process because of the distance between the FODAG Mission and the United States Embassy. These delays have not generally been a problem. In short, while problems in these three areas existed in the past, they have all since been resolved as well as resources would permit.

I hope that this information has been useful and that I have sufficiently addressed all of the issues raised. If you have any further questions, please, do not hesitate to contact me.

Sincerely,



Wendy R. Sherman
Assistant Secretary
Legislative Affairs

Attachment as stated.

Scale of Contributions 1992-1993
 (1990-91 scale shown for comparison purposes)

Member Nations	Scale 1992-93 a/	Scale 1990-91 a/
	%	%
Afghanistan	.01	.01
Albania	.01	.01
Algeria	.17	.16
Angola	.01	.01
Antigua and Barbuda	.01	.01
Argentina	.77	.79
Australia	1.83	1.88
Austria	.86	.88
Bahamas	.02	.02
Bahrain	.02	.02
Bangladesh	.01	.01
Barbados	.01	.01
Belgium	1.36	1.40
Belize	.01	.01
Benin	.01	.01
Bhutan	.01	.01
Bolivia	.01	.01
Botswana	.01	.01
Brazil	1.69	1.73
Bulgaria	.17	.18
Burkina Faso	.01	.01
Burundi	.01	.01
Cambodia	.01	.01
Cameroon	.01	.01
Canada	3.60	3.69
Cape Verde	.01	.01
Central African Republic	.01	.01
Chad	.01	.01
Chile	.09	.10
China	.92	.94
Colombia	.16	.17
Comoros	.01	.01
Congo	.01	.01
Cook Islands b/	.01	.01
Costa Rica	.02	.02
Cote d'Ivoire	.02	.02
Cuba	.11	.11
Cyprus	.02	.02
Czechoslovakia	.77	.79
Democratic People's Republic of Korea c/	.06	.06
Denmark	.80	.82
Djibouti	.01	.01
Dominica	.01	.01
Dominican Republic	.04	.04
Ecuador	.04	.04

Scale of Contributions 1992-1993
 (1990-91 scale shown for comparison purposes)

Member Nations	Scale 1992-93 a/	Scale 1990-91 a/
	%	%
Egypt	.08	.08
El Salvador	.01	.01
Equatorial Guinea	.01	.01
Estonia d/	.07	-
Ethiopia	.01	.01
Fiji	.01	.01
Finland	.59	.61
France	7.28	7.47
Gabon	.04	.04
Gambia	.01	.01
Germany	10.90	9.65
Ghana	.01	.01
Greece	.47	.48
Grenada	.01	.01
Guatemala	.02	.02
Guinea	.01	.01
Guinea-Bissau	.01	.01
Guyana	.01	.01
Haiti	.01	.01
Honduras	.01	.01
Hungary	.24	.25
Iceland	.04	.04
India	.43	.44
Indonesia	.17	.18
Iran	.80	.82
Iraq	.14	.14
Ireland	.21	.21
Israel	.24	.25
Italy	4.65	4.77
Jamaica	.01	.01
Japan	13.26	13.59
Jordan	.01	.01
Kenya	.01	.01
Korea, Republic of c/	.26	.26
Kuwait	.34	.35
Lao	.01	.01
Latvia d/	.13	-
Lebanon	.01	.01
Lesotho	.01	.01
Liberia	.01	.01
Libya	.33	.33
Lithuania d/	.15	-
Luxembourg	.07	.07
Madagascar	.01	.01
Malawi	.01	.01



Scale of Contributions 1992-1993
 (1990-91 scale shown for comparison purposes)

Member Nations	Scale 1992-93 a/	Scale 1990-91 a/
	%	%
Malaysia	.13	.13
Maldives	.01	.01
Mali	.01	.01
Malta	.01	.01
Mauritania	.01	.01
Mauritius	.01	.01
Mexico	1.10	1.12
Mongolia	.01	.01
Morocco	.05	.05
Mozambique	.01	.01
Myanmar	.01	.01
Namibia	.01	.01
Nepal	.01	.01
Netherlands	1.92	1.97
New Zealand	.28	.29
Nicaragua	.01	.01
Niger	.01	.01
Nigeria	.23	.24
Norway	.64	.66
Oman	.02	.02
Pakistan	.07	.07
Panama	.02	.02
Papua New Guinea	.01	.01
Paraguay	.04	.04
Peru	.07	.07
Philippines	.11	.11
Poland	.65	.67
Portugal	.21	.21
Qatar	.06	.06
Romania	.22	.23
Rwanda	.01	.01
Saint Christopher and Nevis	.01	.01
Saint Lucia	.01	.01
Saint Vincent and the Grenadines	.01	.01
Samoa	.01	.01
Sao Tome and Principe	.01	.01
Saudi Arabia, Kingdom of	1.19	1.22
Senegal	.01	.01
Seychelles	.01	.01
Sierra Leone	.01	.01
Solomon Islands	.01	.01
Somalia	.01	.01
Spain	2.27	2.33
Sri Lanka	.01	.01
Sudan	.01	.01

Scale of Contributions 1992-1993
(1990-91 scale shown for comparison purposes)

Member Nations	Scale 1992-93 a/	Scale 1990-91 a/
	%	%
Suriname	.01	.01
Swaziland	.01	.01
Sweden	1.41	1.45
Switzerland c/	1.26	1.29
Syria	.05	.05
Tanzania	.01	.01
Thailand	.12	.12
Togo	.01	.01
Tonga c/	.01	.01
Trinidad and Tobago	.06	.06
Tunisia	.04	.04
Turkey	.37	.38
Uganda	.01	.01
United Arab Emirates	.22	.23
United Kingdom	5.66	5.80
United States of America	25.00	25.00
Uruguay	.05	.05
Vanuatu	.01	.01
Venezuela	.66	.68
Viet Nam	.01	.01
Yemen	.01	.02
Yugoslavia	.54	.55
Zaire	.01	.01
Zambia	.01	.01
Zimbabwe	.02	.02
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	100.00	100.00
	*****	*****

- a/ Derived directly from the United Nations Scale of Assessments for 1989-91 as adopted by General Assembly Resolution 43.223 of 21 December 1988.
- b/ The Secretariat of the UN Committee on Contributions advised that the "theoretical" probable rate of this member of FAO, which is not a member of the UN, would be the minimum rate, i.e. 0.01 per cent.
- c/ The contribution rates of these members which are not members of the United Nations are derived from the percentage rates at which they contribute to certain UN activities.
- d/ New member admitted at the Twenty-sixth Session of the Conference, November 1991.



ISBN 0-16-043993-0

